SABMiller plc

Annual Report 2015

Latin America p18

Growth in premium and above mainstream lager and soft drinks underpinned good results in Latin America.

Europe p30

Innovation and improved sales execution boosted European group NPR despite continued economic uncertainty.

Asia Pacific p26

Premiumisation in China and Australia helped mitigate economic headwinds and weaker demand.

Africa p22

Africa's strong local portfolio, affordable brands and premiumisation helped to deliver impressive results.

North America p34

Improved group NPR per hectolitre and reduced fixed costs helped offset lower volumes in North America.

Further information

This report covers the financial year ended 31 March 2015. It is also available on our website as a downloadable PDF **www.sabmiller.com/annualreport2015**

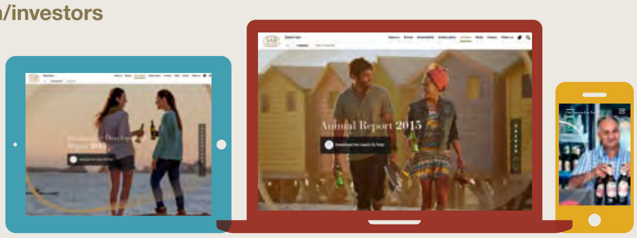
For more detailed information about SABMiller please refer to our website **www.sabmiller.com/investors**

Key to further reading:

Read more on page referenced

Read more online

Read more in the referenced report



The strategic report and directors' report have been approved for and on behalf of the board of SABMiller plc on 2 June 2015.

Alan Clark
Chief Executive

Contents
What's inside

Business overview

SABMiller by numbers

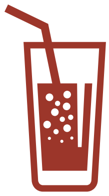
US$6,367m

Group EBITA (2014[1]: US$6,460m).

72% The proportion of EBITA from developing markets.

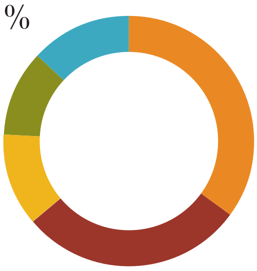
8%

Soft drinks volume growth.

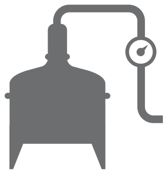


EBITA by region[2]

%



- **Latin America** 35% US$2,224m
- **Africa** 29% US$1,907m
- **Asia Pacific** 12% US$768m
- **Europe** 11% US$700m
- **North America** 13% US$858m



35%

Absolute reduction in carbon emissions from on-site energy use between 2008 and 2015.

[1] Restated.

[2] Before Corporate costs and South Africa: Hotels and Gaming.

[3] Subsidiaries only, excluding home markets, on a constant currency basis.

[4] Subsidiaries only, excluding home markets.

We have a balanced spread of businesses with a significant presence in developing markets

Latin America

Where we operate

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).

What we do

- In each of these countries we are the number one brewer by market share.
- We have a brewery in Argentina, and we export to Chile and Paraguay.
- We produce soft drinks across the region including Coca-Cola products in El Salvador and Honduras.

Read more on page 18

Africa

Where we operate

Regional office: Johannesburg, South Africa

On 1 July 2014, SABMiller's South African and African regions were consolidated into one region. Our primary brewing and beverage operations in Africa cover 17 countries including Botswana, Mozambique, Nigeria, South Africa, Tanzania, Uganda and Zambia. A further 21 are covered through our associate interests in the Castel group's African beverage businesses and we also have an associated undertaking in Zimbabwe.

What we do

- In most of these countries we are the number one brewer by market share.
- We produce Coca-Cola products in 23 of our African markets (with Castel in 15 of these markets and through our associated undertaking in Zimbabwe).

Read more on page 22

140,000

Every minute of every day, more than 140,000 bottles of SABMiller beer are enjoyed around the world.

Lager volumes level year on year.

94%

The proportion of our total lager volume from markets in which we have no 1. or no. 2 national market share positions.

69,000

SABMiller has almost 69,000 employees and is in more than 80 countries.

25%

EBITA from associates and joint ventures.

Our global brands are Peroni Nastro Azzurro, Miller Genuine Draft, Pilsner Urquell and Grolsch.

+16%
NPR growth[3]

+11%
Volume growth[4]

Asia Pacific

Where we operate

Regional office: Hong Kong

Our brewing interests across Asia Pacific cover four countries: Australia, China, India and Vietnam.

What we do

- CR Snow, our partnership of more than 20 years with China Resources Enterprise, Limited, is the largest brewer in China.
- Carlton & United Breweries (CUB) is the second largest Australian brewer.
- We are the second largest brewer in India.
- We have a brewery in Vietnam, and we export to numerous markets including South Korea.

Read more on page 26

Europe

Where we operate

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.

What we do

- In the majority of these countries we are the number one or two brewer by market share.
- We cover a further 16 countries including Russia, Turkey and Ukraine in a strategic alliance with Anadolu Efes through brewing, soft drinks and export operations.
- We export significant volumes to a further seven European markets, of which the largest are the UK and Germany.

Read more on page 30

North America

Where we operate

Regional office: Chicago, USA

MillerCoors is a joint venture with Molson Coors Brewing Company, which was formed in 2008 by bringing together the US and Puerto Rican operations of both groups.

What we do

- MillerCoors is the second largest brewer in the USA, with 27% 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.

Read more on page 34

Chairman's statement

"We are confident in our long-term growth strategy and remain highly disciplined about our capital allocation, with a firm focus on shareholder returns."

Dear shareholder

In my final letter to you as Chairman, I am pleased to report a year of strong underlying business performance. Our cash flow performance is strong, enabling us to recommend an increased final dividend of 87 US cents per share, to be paid to shareholders on 14 August 2015. This brings the total dividend for the year to 113 US cents per share, an increase of 8% over last year. We have a clear financial framework and remain highly disciplined about our capital allocation, with a firm focus on shareholder returns. Our total shareholder return (TSR) over the period from March 2010 to March 2015 was 121% and outperformed both our peer group's median TSR growth of 85% and the FTSE 100.

Results

Organic, constant currency group net producer revenue (NPR) grew by 5%, with group NPR per hectolitre (hl) up by 3%, resulting in organic, constant currency EBITA growth of 6% and a pleasing EBITA margin expansion on the same basis of 30 bps to 24.4%. The increase in organic, constant currency group NPR reflects growth in all regions. However, after the impact of the depreciation of all of our key currencies against the US dollar, reported group NPR declined by 2%, and reported EBITA by 1%. The decline in EBITA also reflects the disposal of our stake in Tsogo Sun, our hotels and gaming investment, during the year. As a result, adjusted earnings were down by 1%, with adjusted EPS down by 1% to 239.1 US cents per share. We delivered a strong cash flow performance with free cash flow up 26%. Our gearing ratio as at 31 March 2015 was 43%, with net debt having reduced by US$3,838 million, to end the year at US$10,465 million.

Shareholder engagement

During the year, I had a number of meetings with shareholders, with matters raised including the principal risks facing the group, sustainable development, succession planning for both management and non-executive directors, long-term growth prospects and dividend policy. Our conversations were constructive, and we always welcome the opportunity to engage with shareholders.

Lesley Knox, our remuneration committee chairman, again initiated a consultation exercise with our 50 largest shareholders, of whom five took up the invitation to engage. This was fewer than the prior year, but as we are not proposing any changes to our remuneration policy following its approval by shareholders in 2014, that is not surprising. More details are set out in the directors' remuneration report on pages 74 to 96.

Corporate governance and succession

In the corporate governance report on pages 56 to 69, there is a detailed description of the directors' approach to corporate governance, our application of the UK Corporate Governance Code, and our views on the role and effectiveness of the board.

In addition to delivering strong underlying business performance in challenging circumstances, the board's principal focus has been on matters of management succession, with a number of planned retirements being announced during the year, as well as some organisational changes. More details of these are set out in the Chief Executive's review on pages 6 to 10. The board received frequent updates during the year from the Chief Executive on management succession planning, and engaged in a number of discussions on the issue.

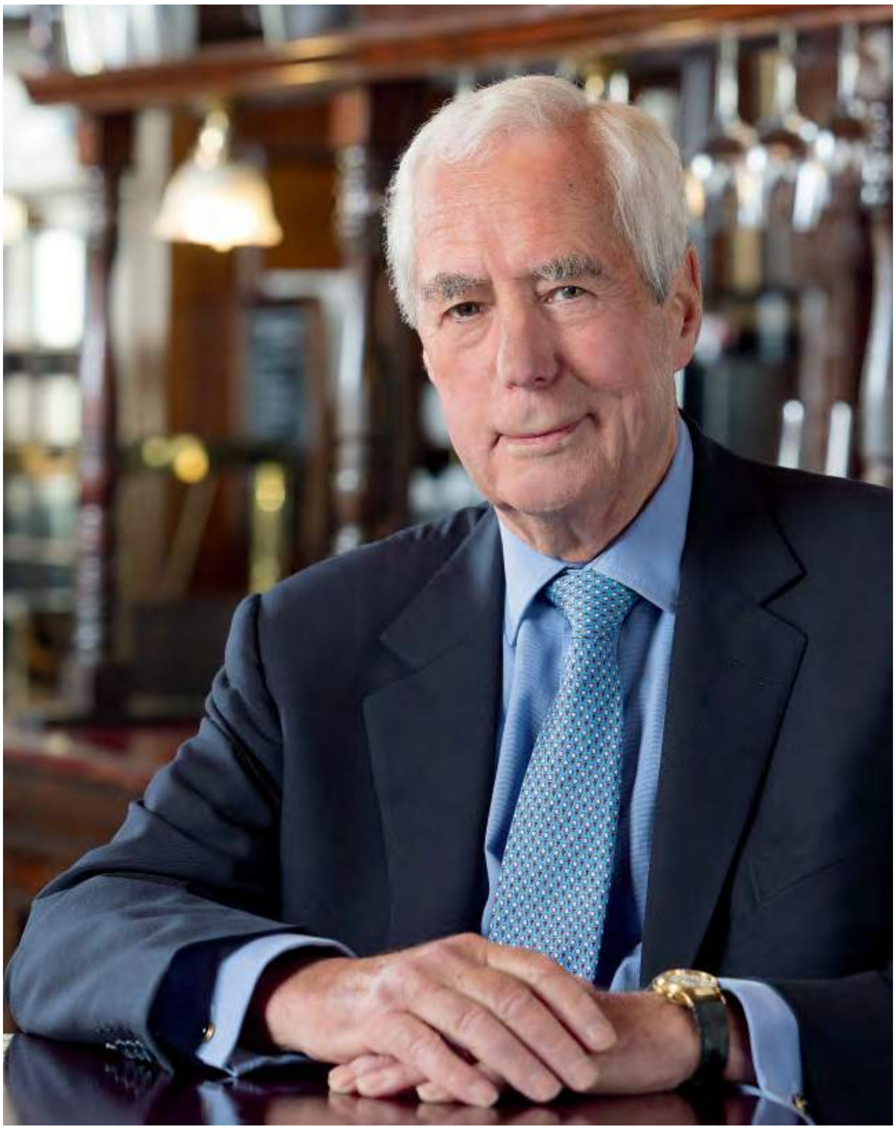
As I noted last year, following Graham Mackay's death, the board requested that I defer my previously announced retirement date by a year to July 2015 to allow adequate time to search for a longer term successor. I was delighted to be able to announce in August that that search, most ably led by Lesley Knox on behalf of the nomination committee, had been successful and that Jan du Plessis had agreed to join the board as an independent non-executive director with effect from 1 September 2014, with the intention to succeed me as Chairman at the conclusion of the annual general meeting in July 2015. This has allowed Jan some time to familiarise himself with the group, and we have used the intervening months well to ensure an orderly handover of responsibilities.

113 US cents
Total dividend payment (2014: 105 US cents).

The progressive renewal of the board has meanwhile continued apace, with a number of new and proposed appointments and retirements.

In January, we announced that Trevor Manuel had agreed to join the board as an independent non-executive director with effect from 1 March 2015. Trevor brings to the board an exemplary track record as one of the world's longest-serving finance ministers, with the South African Government, and wide-ranging experience of advising multilateral organisations on developing market development and sustainability, both of which I am sure will be great assets to the board.

In March, we announced that Javier Ferrán had agreed to stand for election as an independent non-executive director at this year's annual general meeting. Javier brings extensive experience of the global alcohol industry, an in-depth knowledge of consumer goods, and considerable experience of operating in both developed and developing markets. His skills will admirably complement the existing range of financial and operational disciplines represented on our board and he will further expand the diversity of nationalities sitting round our board table.



In May, Altria nominated Dave Beran to succeed Howard Willard to the board with effect from the 2015 annual general meeting. We are most grateful to Howard for his valued contribution over the years and look forward to welcoming Dave to the board in July.

Finally, we say farewell this year to John Manzoni who, after 11 years of distinguished service since joining the board in 2004, has decided that it is time to step down and will not be standing for re-election. I want to place on record our thanks for John's outstanding contribution to the SABMiller board. He brought to our deliberations a keen intellect and considerable insight into the business environment across multiple continents and countries, and served with distinction as a key member of our remuneration, nomination and corporate accountability committees. We wish him every success in his future endeavours.

The other change to note this year was the appointment from 1 November 2014 of Stephen Shapiro as Group Company Secretary in succession to John Davidson, who relinquished this role in light of the additional responsibilities which he assumed as Corporate Affairs Director part way through the year. I would like to thank John for his support to the board over the last eight years, and in particular to me over the past two years. His knowledge of the law and its application to our businesses is second to none, as is his familiarity with the numerous regulations and corporate governance principles which apply to our group. He applies his knowledge with great skill and sensitivity. We are fortunate indeed to have Stephen to step up to the role, as a seasoned corporate and commercial lawyer who brings over 12 years of experience in supporting and advising our board and leading an excellent secretariat team.

Board evaluation

In light of my interim role as Chairman over the past year, and the forthcoming handover of responsibilities, the board concluded that it would be inappropriate to undertake an externally-facilitated evaluation of the board's effectiveness. Instead, the board asked Guy Elliott, our Deputy Chairman and Senior Independent Director, to conduct a detailed internal review of performance, with able assistance from our new Company Secretary. The results of the performance and effectiveness assessment process were reviewed in full and approved by the board. As discussed more fully in the corporate governance review, matters identified as requiring further consideration included senior executive succession planning and talent development and ensuring that the board had adequate time to focus on particularly important issues. It was also suggested that we review the terms of reference of the corporate accountability and risk assurance committee. Further details are in the corporate governance report on pages 56 to 69.

Your new Chairman

In concluding, I would like to thank my fellow board members and all shareholders for allowing me to chair this great company, albeit in circumstances that I profoundly wish had never come to pass, and for the support which everyone has given to me. It has been an honour to be associated with SABMiller and its leaders, and my consolation on retiring is the knowledge that I pass the chairmanship into the best possible hands.

Jan du Plessis has an excellent record as a chairman of major international groups with developing market footprints, and a wealth of experience of international consumer businesses. I have thoroughly enjoyed working with Jan over the past few months and I commend him to you as your next Chairman.

John Manser
Chairman

Chief Executive's review

"We're making good progress in our strategy to drive topline growth, improve efficiency and shape our mix of business to continue to deliver superior returns to shareholders."

Our vision

To be the most admired beverage company in the world.

Our purpose

We bring refreshment and sociability, improve livelihoods and help build communities.

Our business performance goal

We aspire to be in the top quartile of our peer group as measured by total shareholder return.

Our values

- People are our enduring advantage.
- Accountability is clear and personal.
- We work and win in teams across the business.
- We are customer- and consumer-focused.
- We do our best for local communities.
- Our reputation is indivisible.

Business performance

We achieved positive momentum in our underlying business performance, particularly in the latter part of the year.

We have a clear strategy to drive topline growth, improve efficiency and shape our mix of business to continue to deliver superior returns to shareholders. Our results demonstrate good progress against this strategy. This success is founded on our broad exposure to high-growth developing markets where we have long standing commercial and operational experience, including deep local consumer insights. We have also seen good performance from many of our markets in improving their premium mix and driving innovation.

Group NPR
US$26,288m
+5%
Group NPR growth on an organic, constant currency basis.

Topline revenue growth was strong in the face of industry headwinds which kept lager volumes in line with the prior year. These headwinds included a poor summer in China and a decline in the light and economy beer segments in North America. Revenue growth was helped by positive results from our strategy to increase premium beer sales in markets like the USA and Australia and in developing markets across Africa and in Colombia. In constant currency, NPR growth in premium brands[1] was 8%, with global brands[1] NPR growth[2] of 16%, supported by volume growth[2] of 11%. At the other end of the price ladder, we increased the availability of affordable beers, taking share from the informal alcohol market in Africa and Latin America.

We continue to invest in our brands, including reinvigorating our high-volume core lagers so they remain relevant for today's millennial consumers, and broadening beer's appeal so it's the drink of choice for more people on a greater variety of occasions. We're doing this by developing new beer styles and flavours, and expanding into ciders and radlers. We are seeing great success with brands like Redd's Apple Ale in the USA and Flying Fish in South Africa.

Soft drinks continue to be a standout performer, with excellent volume growth across Africa, Latin America and Europe. Our confidence in the future of our soft drinks business was underlined by the agreement, announced in November 2014, to create Coca-Cola Beverages Africa.

By consolidating activities such as procurement and back office services, and integrating our supply chain, we are reaping rewards. The cost and efficiency programme has delivered cost savings of US$221 million in the year, and we are on track to deliver our targeted savings of US$500 million per annum by 2018. Within this, our global procurement organisation helped to drive savings in direct materials, which, together with lower commodity prices, mitigated adverse transactional currency headwinds.

Our advantages for growth

SABMiller is well placed to grow. Our business is in the two largest profit pools in global packaged beverages: beer, which is our number one priority, and soft drinks, where we have a growing interest in selected markets. This dual strength underpins our assertive vision to be the most admired beverage company in the world.

We also have the great advantage of strength in developing markets where we derive 72% of our EBITA. We have the greatest exposure to these markets of any brewer, with number one or two beer market positions in many countries across Africa and Latin America, and in China.

These economies have many years of high volume growth ahead in per capita beer consumption. Beer is seen as aspirational, with the primary growth drivers being affordability and availability of largely mainstream lager. As these markets develop and disposable incomes rise, beer and soft drinks segments grow. And, as they develop, demand increases for local, and then international, premium beers.

[1] Subsidiaries only.
[2] Excluding home markets.


Pilsner Urquell

Enabling small businesses to thrive

Small businesses are critical to national growth, community prosperity and the success of large companies like SABMiller. We are committed to supporting more than half a million small businesses in our value chain to grow and improve their livelihoods by 2020, including 190,000 'mom and pop' shops in Latin America. The 4e Path to Progress programme, run in partnership with the Inter-American Development Bank and FUNDES, the Swiss NGO, is a key part of our efforts. The innovative programme gives small retailers – tenderos – business and leadership training that, together with access to micro-finance and technology, is helping them not only to run their businesses better but, more importantly, to become community leaders in their neighbourhoods. Supporting these retailers increases customer loyalty and sales. But the real value of 4e Path to Progress for us is the rich knowledge and insight it gives us into our smallest but most vital customers: each runs a small business but collectively they are responsible for 40% of our volumes across Latin America.

We also have increasingly strong cash flows from developed markets, such as the USA and Australia. These are generally challenging and highly competitive environments, where per capita beer consumption is plateauing, there is low to no growth and the declining mainstream beer segment more than offsets growth in other beer and related categories. A key focus of our growth strategy in these markets is to expand the beer category to appeal to more consumers on a wider variety of occasions. We are therefore investing in brand building, premiumisation, and innovation in beer styles and flavours, capabilities and process.

Prosper

We believe the value in beer for us and for communities is local. Many of our communities face significant environmental and societal challenges, which we share with them. By helping the entrepreneurs across our value chains, and their local communities, to prosper, our business will prosper too.

Our new sustainable development strategy, *Prosper*, is embedded in our business strategy and will enable us to secure growth that benefits us and our local communities.

Through our shared imperatives we aim to tackle the issues that are most material for our business at both a local and international level. Because we do not face these challenges alone, we call them shared imperatives.

They are to:

- accelerate growth and social development in our value chains;
- make beer the natural choice for the moderate and responsible drinker;
- secure shared water resources for our business and local communities;
- create value through reducing waste and carbon emissions; and
- support responsible, sustainable use of land for brewing crops.

We have set ambitious targets for each imperative and are committed to learn, listen and collaborate to shape, deliver and scale solutions.

We strongly believe that by putting *Prosper* at the heart of our business, we can secure our long-term success and make a sustainable and measurable difference to the communities and ecosystems in which we operate. More information is available on pages 46 to 49, and throughout this report, as well as in our 2015 Sustainable Development Summary Report.

A new chapter in African soft drinks

Coca-Cola Beverages Africa (CCBA) will be the continent's largest Coca-Cola bottler, serving 12 countries, with around 40% of all Coca-Cola beverage volumes in Africa. We will drive superior topline growth and the transaction will expand our footprint to include high potential markets in other parts of the continent.

With a shared vision, extensive experience of operating in African markets, and long-term commitment to the continent, CCBA will be strongly positioned to offer consumers greater choice, broader availability and better value.

Addressing risks

We place great emphasis on identifying, monitoring and mitigating risks to our business and we have a well-developed risk management process which includes detailed mitigating action plans. We continually review these risks but the principal risks noted in the prior year remain relevant to us. In the year we refreshed the way in which we have expressed the principal risk relating to changes in consumer preferences by restating it as a risk relating to achievement of consistent sustainable revenue growth while consumer tastes and behaviours are evolving and competition in the beverage industry is expanding and becoming more fragmented, complex and sophisticated. All principal risks are set out on pages 16 and 17.

Our people

We are improving our safety governance and processes with new standards and monitoring. Everyone should be able to return home from work safely and I deeply regret that there were 29 fatalities in the year, the majority of which were caused by road traffic accidents. I am determined that we should take action to tackle this as a top priority. For more information, see page 50.

We announced several changes to our senior management team this year. Chief Financial Officer, Jamie Wilson, resigned for personal reasons with effect from 18 February 2015. He left the group on 31 March 2015 and Domenic De Lorenzo, Director of Group Strategy, was appointed Acting Chief Financial Officer. Domenic assumed responsibility in the prior year for group strategy alongside his responsibilities for corporate finance and development. He is a chartered accountant, and has been closely involved in the group's finance strategy since his appointment to the executive committee in 2011. He is a 19-year veteran of the group, having originally joined in South Africa in 1996. We have initiated a process to appoint a permanent chief financial officer.

We announced two executive retirements during the year. Tony van Kralingen, Group Director: Integrated Supply & Human Resources, intends to retire at the end of December 2015. Tony has made an outstanding contribution to SABMiller in his 33-year career, including serving with distinction on the executive committee for 12 years. He leaves a superb legacy. Tom Long, Chief Executive Officer (CEO) of MillerCoors, retires on 30 June 2015. He has led MillerCoors as CEO since 2011, having been President and Chief Commercial Officer since the launch of the MillerCoors joint venture in 2008, and CEO of Miller Brewing Company before that. Tom too leaves his own outstanding legacy. We wish them both very happy and fulfilling retirements.

Processes are underway to appoint replacements for both Tom and Tony, although I have decided to split Tony's remit into two new positions on our executive committee: Director, Integrated Supply, and Director, Human Resources.

In the year we also combined the legal and corporate affairs functions at executive committee level to improve efficiency and increase alignment. John Davidson, formerly General Counsel and Company Secretary, who has been with the group since 2006, and served the group as an external adviser for eight years before that, is now General Counsel and Corporate Affairs Director.

I would like to thank all of my executive team for shaping the development of our strategy as we set out to achieve our ambitious vision, and to thank everyone in the group for their hard work and dedication in driving our strong performance this year.

Significant savings through water and carbon efficiency

In the year we used an average of 3.3 hectolitres (hl) of water to produce 1 hl of beer, surpassing our target of reaching 3.5 hl/hl by 2015. Yatala brewery in Australia leads the group at just 2.5 hl/hl. We are also on track to meet our 50% carbon efficiency target from on-site energy use by 2020. In absolute terms we have reduced carbon emissions from on-site energy use by 35% between 2008 and 2015. Within our cost savings programmes, we saved US$117[1] million in the year from water and energy related initiatives compared with 2010.

Read more online
www.sabmiller.com/prosper

Outlook

We anticipate that the trading environment will remain challenging and that our business will continue to be impacted by currency volatility. However, we are confident in our strategy to drive superior long-term growth and we will continue to invest in production capacity and capability, particularly in growth markets. Raw material unit input costs are expected to increase by low single digits in constant currency terms, with some markets continuing to be impacted by foreign exchange movements on imported raw materials. We are increasingly leveraging our scale to become more efficient and we have a clear focus on cost management, with our cost saving programme on track to reach targeted savings of US$500 million per annum by the financial year ending 31 March 2018.

We're making good progress and are looking ahead with confidence. We have decades of strong growth to capture in developing markets and are taking a leadership role in seeking to expand the beer category to create new growth in more developed economies. We have a dynamic culture with a global team of smart, committed and capable people, and I firmly believe that together we will write the next successful chapter in the SABMiller growth story.

Alan Clark
Chief Executive

Global brands momentum grows

SABMiller global brands had a strong year, with volumes up 11% and NPR up 16% on a constant currency basis, counting sales by our subsidiaries of these brands outside their home markets.

Our global brands portfolio consists of Peroni Nastro Azzurro, Miller Genuine Draft (MGD), Pilsner Urquell and Grolsch. Each has a clear role and specific brand proposition, and premium or super pricing. Highlights in the year included very strong growth of Peroni Nastro Azzurro in the UK, USA and Australia, continued high growth for MGD in Latin America, particularly in Panama, and also for Pilsner Urquell in the USA, Europe and South Korea.

[1] Reflects cost savings, based on savings actions initiated in 2010, and calculated using 2015 volumes, exchange rates and energy prices.

Key strategic priorities

Drive superior topline growth through strengthening our brand portfolios and expanding the beer category

- Strengthen our local and global brand portfolios to capture superior profitable growth.
- Accelerate premium mix and the growth of our premium brands.
- Develop and expand the category to capture new consumers, new occasions and grow category share of value.
- Prioritise and focus investment and resources on revenue growth in key markets and segments.

Build a globally integrated organisation to optimise resource, win in market and reduce costs

- Systematically build a high performance talent pool.
- Up-weight and right-size out of market structures to ensure optimum service delivery at an affordable cost.
- Develop a commercial operating model that will facilitate winning in and across markets.
- Reduce costs to drive growth and returns.

Actively shape our global mix to drive a superior growth profile

- Focus resources on highest growth opportunities.
- Deliver superior performance in soft drinks operations.
- Build material positions in new categories in attractive markets.
- Mergers and acquisitions to access new growth in attractive markets.

Our business model is built on our passion for beer

We are local beer experts. Our success is rooted in deep local insights, global skills, talented people and community investment.

Understanding consumer tastes and applying local insights

Sharing our consumers' passion for local beer, more than 200 of our brands are mostly sold locally in their country or region of origin. We have a selected number of regional and global brands, which complement our local portfolios.

Refreshing our success: innovation and selling across the price spectrum

We enhance our enduring brands with innovation across a vibrant spectrum of beer styles to reflect demographic, cultural and societal shifts and evolving consumer tastes.

We reinvigorate national icon brands to keep our strength in core lager and are developing products for more occasions and consumer types.

Our brands range from entry-level beers, including sorghum and cassava beers such as Eagle and Impala to international super premium beers such as Peroni Nastro Azzurro.

Creating sustainable value chains

We create sustainable value chains that contribute to local economic and social development.

Sourcing

Working closely with suppliers, including large-scale and smallholder farmers who grow quality crops, and sourcing locally where we can.

Brewing

Producing beers that taste great demands a mix of traditional craftsmanship, modern science and fresh, natural ingredients.

Bottling and distribution

Delivering quality, fresh beers and soft drinks for our consumers to enjoy while minimising waste and promoting returnable bottles and recycling.

Using global skills and scale to drive local performance

Our local markets focus on commercial activity, producing, marketing and selling the right beers and beverages for their area.

We support our country operations with broader, shared service operations. These help us to achieve economies and efficiencies of scale and drive duplicative costs out of local businesses.

We also share best practice and success across our markets in innovation, marketing, technical standards and training.

Investing in talent for competitive advantage

We are proud to attract and retain the best talent, and invest in individuals' skills and careers.

The global mobility of our leaders is one of our major strengths, by moving around, they take insights into new markets.

We incentivise management at every level through a rigorous goal-setting process that aligns the need for commercial success with the longer-term ambition of achieving sustainable best practice.

Working with associates and joint ventures

We generate a significant amount of group NPR from interests in associates and joint ventures and in Africa we have significant minorities in our subsidiaries. These have facilitated our global expansion and are valuable where local knowledge is an important asset.

Retail

Partnering with small and large retailers in the on- and off-trade segment to bring refreshment and sociability to our consumers.

Consumers

Listening and responding to changing consumer needs, using local insight and broadening our appeal across new segments and occasions.

Partnering for shared prosperity

prosper

By supporting the small businesses across our value chains – and our local communities – to prosper, our business will prosper too.

By joining forces with others who share our goals, we can co-ordinate action and unlock innovation for job creation, responsible alcohol consumption, watershed protection, lower carbon emissions and more productive use of land.

We tailor our response to address local challenges, widening and deepening partnerships as our initiatives grow and our understanding develops.

Delivering value for our stakeholders:

- sustainable superior returns for shareholders;
- refreshment and sociability for consumers;
- jobs and career development for employees;
- incomes and livelihoods for suppliers and retailers;
- support for national economies; and
- investment in communities.

Market overview

Beer accounts for almost one-third of global retail sales value in packaged beverages, with attractive industry margins. The global soft drinks market is slightly larger than that for beer, accounting for almost 40% of global retail sales value in packaged beverages.

The global beer market is relatively consolidated, with the top four largest brewers (ABInBev, SABMiller, Heineken, and Carlsberg) accounting for around 50% of global volumes. SABMiller is the number two globally, and this gives us the opportunity to continue to leverage our scale, global brands and skills to improve in-market performance. Given the importance of local brands and scale, the strength of local market positions is also important to sustainable long-term performance in beer. In this regard, 94% of our beer volumes come from markets where we are the number one or two brewer. The nature of competition and competitive intensity varies by market, but we typically compete not only against some or all of the major global brewers, but also small and large local brewers and with alcohol producers.

The global beer market has been growing at 2% to 3% over the past 10 years. However, there is a clear difference in growth, category dynamics and characteristics between developing and developed markets and, therefore, in the growth opportunities they present.

Developing markets

Growth in beer consumption in developing markets is driven by such factors as:

- affordability, with per capita consumption increasing sharply as consumer disposable income levels grow;
- beer being an aspirational and higher quality beverage compared with other competing alcoholic beverages in these markets, which are typically local spirits or informal/illicit alcohol; and
- demographics and drinking occasions being skewed towards core beer consumers, with mainstream lager critical to growth.

Ensuring the affordability, availability and quality of core mainstream lager is critical to growth in these markets. However, while the beer category is heavily focused on mainstream lager, the rise in disposable incomes provides opportunities for premiumisation.

Compared with our global competitors, a greater proportion of our total profit and volumes come from developing markets. This has helped support our superior rates of organic topline growth.

Developed markets

In contrast with developing markets, volume and consumption growth in more developed markets have typically been flat or have declined over the past decade. This reflects both a general decline in alcohol consumption and a fall in beer's share of total alcohol. There are many reasons for this shift and the increasing fragmentation of consumer choice, including changes in the nature of drinking occasions and in the demographics of alcohol consumers. These changes include the growth of mixed gender drinking occasions and ageing populations.

These dynamics are challenging, but they also represent future growth opportunities for the beer category. For example, increased consumer demand for variety and new experiences has driven the higher growth of different beer styles outside of core lager, notably in the US craft beer segment but also across other developed markets.

Delivering topline growth in these markets is dependent on appealing to more consumers on more occasions, by:

- improving core mainstream lager to meet the needs of a wider range of consumers better;
- successful premiumisation, to drive revenue per hectolitre;
- innovating to evolve portfolios towards more attractive growth segments; and
- regaining share from other beverages.

Soft drinks

Sparkling, or carbonated soft drinks (CSDs), make up approximately 40% of total soft drinks global retail sales value. Global soft drinks volumes have been growing at around 4% compound annual growth rate over the past 10 years, with the category demonstrating similar consumption characteristics and growth dynamics to beer, with rapid growth and increasing levels of per capita consumption as markets develop.

From a category development perspective, soft drinks also show a similar overall dynamic to beer. In developing markets, CSDs and bottled water are the dominant sub-categories, but fragmentation of the category occurs as markets develop, with still drinks, juices and premium bottled water becoming much more evident. As with beer, scale and leadership in a market is critical to long-term sustainable success.

Key performance indicators

The key performance indicators (KPIs) outlined below are used to monitor progress against our overall financial goal and our strategy, which defines how we will achieve this goal. While our strategy naturally evolves and changes in line with market conditions, it continues to guide our short, medium and long-term growth.

Measuring our progress

What we measure	Why we measure	How we performed		
Financial goal		**2015**	2014	2013
Total shareholder return in excess of the median of our peer group over five-year periods	To monitor the value created for our shareholders over the longer term relative to alternative investments in the drinks industry, in line with our business performance goal	**36 % pts**	98 % pts	140 % pts
Growth in adjusted earnings per share	To determine the improvement in earnings per share for our shareholders	**-1%**	2%	11%
Growth in adjusted earnings per share (constant currency)	To determine the improvement in underlying earnings per share for our shareholders	**5%**	9%	n/a[1]
Free cash flow	To track cash generated to pay down debt, reward our shareholders and invest in acquisitions	**US$3,233m**	US$2,563m	US$3,230m
Commercial goals		**2015**	2014	2013
The proportion of our total lager volume from markets in which we have no.1 or no.2 national market share positions	To gain an overall picture of the relative strength of our market positions	**94%**	95%	95%
The proportion of group EBITA from developing economies	To assess the balance of our earnings' exposure between the regions of the world economy with highest growth potential and more developed regions	**72%**	72%	73%
Organic growth in total beverage volumes	To track the underlying growth of our business	**1%**	2%	4%
Group net producer revenue growth (organic, constant currency)	To assess the underlying rate of growth in net sales value of our brand portfolios	**5%**	3%	7%
Net producer revenue growth in premium brands (constant currency)	To monitor progress in building our portfolio of global and local premium brands	**8%**	3%	7%
EBITA growth (organic, constant currency)	To track our underlying operational profit growth	**6%**	7%	9%
EBITA margin progression (organic, constant currency)	To monitor the rate of growth in our underlying operational profitability	**30 bps**	90 bps	50 bps
Hectolitres of water used at our breweries per hl of lager produced	To gauge our progress in reducing the amount of water used in our breweries	**3.3 hl/hl**	3.5 hl/hl	3.7 hl/hl
Fossil fuel emissions from energy use at our breweries per hl of lager produced	To assess progress towards reducing fossil fuel emissions at our breweries	**9.4 $kgCO_2e/hl$**	10.3 $kgCO_2e/hl$	11.1 $kgCO_2e/hl$
Cumulative financial benefits from our cost and efficiency programme	To track the cost and efficiency savings from the programme to leverage our skills and scale	**US$221m pa**	n/a[1]	n/a[1]

[1] Not applicable/not measured in the year.

Further detail is contained within the finance review and the sustainable development review. Remuneration is linked to our KPIs as detailed in the directors' remuneration report on pages 74 to 96. Detailed definitions together with an explanation of changes from the prior year are on pages 188 and 189.

Principal risks

Focused on managing our risks

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

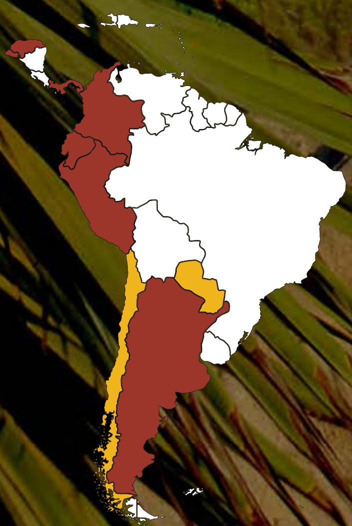
The group's well-developed risk management process is described in the corporate governance section while financial risks are discussed in the finance review on page 45 and in note 21 to the consolidated financial statements.

Principal risk	Context	Specific risks we face	Possible impact
Consistent sustainable revenue growth	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.	• 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 that respond appropriately to changing consumer preferences.	Topline growth progression does not meet internal and external expectations. Market positions come under pressure, market opportunities are missed and lower profitability.
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.	• Failing to participate in the right opportunities. • Paying too much to acquire a business. • Not implementing integration plans successfully. • Failing to identify and develop the capabilities necessary to facilitate market and category entry.	Lower growth rates, profitability and financial returns. Failure to maintain our competitive position relative to our peers.
Regulatory changes	With an increasingly high profile debate over alcohol consumption in many markets, the alcohol industry is coming under more pressure from national and international regulators, NGOs and local governments.	• Unreasonable regulation places increasing restrictions on the availability and marketing of beer. • Tax and excise changes cause pressure on pricing. • Anti-alcohol advocates erode industry reputation.	Lower growth, profitability and reduced contribution to local communities in some countries. Loss of consumer goodwill and public sentiment.
Management capability	We believe that our people are our enduring advantage and therefore it is essential that we develop and maintain global management capability.	• Failing to identify, develop and retain an appropriate pipeline of talented managers for the present and future needs of the group.	Failure to deliver the group's strategic and financial ambitions. Lower long-term profitable growth.
Delivering business transformation	We continue to execute major efficiency programmes that will simplify processes, reduce costs and allow local management teams to focus more closely on their markets.	• 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, lower benefits than planned, delays in benefit realisation and business disruption. Reputational damage and reduced competitive advantage in the medium term.
Information and cyber security	There is increasing sophistication of cyber-attack capabilities. Business's increasing demand for consumers' and customers' personal data means legislators rightly continue to impose tighter data management control.	• Disruption of information technology (IT) systems and a loss of valuable and sensitive information and assets. • Significant business disruption. • Failing to comply with tightening legislation poses a threat of significant financial penalties or restrictions.	Loss of competitive advantage and reputational damage through the publicised loss of key operating systems and confidential data. Adverse effect on profitability, cash flows or financial position.
Acquisition of CUB	A key aspect of the CUB acquisition was the delivery of a turnaround plan with specific and communicated financial value creation.	• 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, profitability and asset values. Damage to the group's reputation for strong commercial capability and for making value creating acquisitions.

Mitigation	Associated strategic priorities
• Continuous evaluation of our brand portfolios in every market to ensure that they target current and future opportunities for profitable growth. • Developing a beer category structure that enables us to grow both the value of the beer category, and our share of it. • Ensuring we have a deep understanding of changing consumer and industry dynamics in key markets, enabling us to respond appropriately to opportunities and issues which may impact our business performance. • Building our brand equities through innovation and compelling marketing programmes; creating a pipeline of opportunities to support our premium offering. • Focusing on monitoring and benchmarking commercial performance and developing the critical commercial capabilities that are required in order to win in local markets.	• Drive superior topline growth. • Actively shape our global mix to drive a superior growth profile. • Build a globally integrated organisation to optimise resources, win in market and reduce costs.
• Continued competitor and target analysis to consider strategic and financial implications of potential transactions. • Potential transactions are subject to continual and 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. • Development of non-traditional capabilities to enter and grow profitably in new markets.	• Actively shape our global mix to drive a superior growth profile. • Drive superior topline growth.
• Rigorous adherence to the principle of self-regulation backed by appropriate policies and management review. • Building and maintaining licence to trade capabilities across the group to facilitate sound risk analysis and mitigation plan development. • Constructive engagement with government and all external stakeholders on alcohol-related issues. Working collaboratively 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. • Driving our *Prosper* shared imperatives to make a sustainable and measurable difference to the communities and ecosystems in which we operate.	• Drive superior topline growth. • Actively shape our global mix to drive a superior growth profile. • Build a globally integrated organisation to optimise resources, win in market and reduce costs.
• Building the group's leadership talent pipeline through our Global Talent Management model, strategic people resourcing and long-term talent pipeline. • Sustaining a strong culture of accountability, empowerment and personal development.	• Build a globally integrated organisation to optimise resources, win in market and reduce costs. • Drive superior topline growth.
• 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 (including independent programme assurance) with dedicated resources and clear accountability.	• Build a globally integrated organisation to optimise resources, win in market and reduce costs. • Actively shape our global mix to drive a superior growth profile.
• Continued development, articulation and implementation of information security policies. • Increased investment to improve information security awareness, intelligence and implementation of sound security processes. • Building and enhancing processes to deal with IT security incidents.	• Build a globally integrated organisation to optimise resources, win in market and reduce costs.
• Embedding of the SABMiller Ways (its processes, systems and tools) throughout the CUB business. • Commercial efforts in market to effectively deliver volume, value and market share gains. • Continued monitoring of progress to complete the integration objectives, including frequent and regular tracking of key performance indicators.	• Actively shape our global mix to drive a superior growth profile. • Build a globally integrated organisation to optimise resources, win in market and reduce costs.

LATIN AMERICA

Where we operate



Significant business with production operations

Selling operations and major export markets

Lager volumes
44.2m hl

+1%[1]

Soft drinks volumes
19.9m hl

+8%[1]

Group NPR
US$5,768m

+7%[2]

Setting the pace on sugarcane

1st

Our sugarcane farming operation in Honduras became the first producer in Central America to achieve sustainable sugarcane certification.

+8%[2]
EBITA
US$2,224m

Drive superior topline growth through our brands:

Innovation accounted for 12% of group NPR in the region;

Premiumisation supported by Club Colombia growth and expansion of the Miller franchise.

[1] Organic basis.

[2] Organic, constant currency basis.

Latin America

“Effective campaigns focusing on events and new occasions, as well as targeted consumer activations, supported our brands, while we continue to tap into new sources of growth through innovations.”

In Latin America, group NPR grew strongly on an organic, constant currency basis at 7% (level on a reported basis). Lager pricing and growth in our premium and above mainstream categories, together with strong soft drinks volume growth, underpinned this performance. Effective campaigns focusing on events and new occasions, as well as targeted consumer activations, supported our brands, while we continue to tap into new sources of growth through innovations. In Colombia our bulk pack expansion continued successfully, while in Honduras we have stepped up our efforts in making beer more affordable in line with our strategy of expanding the lager category. Our financial performance was assisted by a reduction in real unit production costs, notwithstanding currency pressure on imported raw materials, and fixed cost productivity, while we continue to simplify and drive efficiencies in our businesses, including the disposal of non-core assets. We have increased marketing investment behind our brands to support our expansion of the beer category and innovations, while currency headwinds, most notably in Colombia and Peru, diluted reported results. Reported EBITA margin continues to grow, with a further 40 bps improvement in the year.

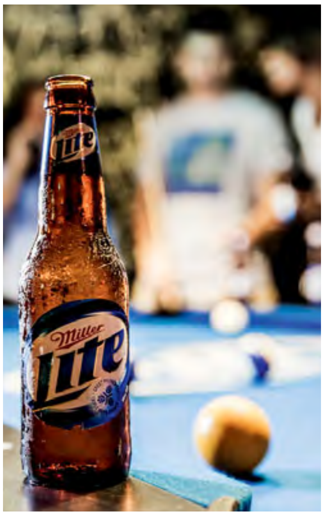
In **Colombia**, group NPR growth of 6% on a constant currency basis reflected total volume growth of 2%, selective price increases and premiumisation, buoyed by strong non-alcoholic malt volume growth. Lager volumes were in line with the prior year, although our share of alcohol increased by 180 bps. Our above mainstream brand Aguila Light and bulk packs saw continued growth, together with strong performance in our premium brands, Club Colombia and Miller Lite, offsetting a decline in our mainstream brands, Aguila and Poker.

“We increased marketing investment behind our brands to support an expansion of the beer category.”

Karl Lippert
President, SABMiller Latin America

Financial summary	Reported 2014	Net acquisitions and disposals	Currency translation	Organic growth	**Reported 2015**	Organic, constant currency growth %	Reported growth %
Group NPR (including share of associates) (US$m)	5,745	(9)	(348)	380	**5,768**	7	–
EBITA[1] (US$m)	2,192	(2)	(132)	166	**2,224**	8	1
EBITA margin (%)	38.2				**38.6**		
Sales volumes (hl 000)							
Lager	43,586	–		570	**44,156**	1	1
Soft drinks	18,514	(70)		1,421	**19,865**	8	7
Total beverages	62,100	(70)		1,991	**64,021**	3	3

[1] In 2014 before an exceptional credit of US$47 million, being the profit on disposal of the Panama milk and juice business.



Miller grows in Latin America

Miller Lite and Miller Genuine Draft have delivered striking growth in Latin America.

The Miller franchise sold almost one million hectolitres across the region with 25% growth in the year, with particular success for Miller Genuine Draft in Panama. In Latin America, all Miller variants are premium priced, with Miller Lite positioned in the premium segment and Miller Genuine Draft in super premium. In the past five years, the Miller franchise volumes have, off a low base, seen a compound annual growth rate of 67% in Latin America.

Our premium segment growth was underpinned by a new proprietary bottle for Club Colombia, differentiated seasonal offerings and increased reach. Trading, generally, was negatively impacted by dry laws during the presidential elections and the soccer World Cup. Soft drinks volumes benefited from double digit growth driven by the success of our non-alcoholic malt brand Pony Malta and the PET bulk pack offering. Favourable raw material prices offset foreign exchange headwinds and fixed cost productivity resulted in strong margin growth.

Peru's group NPR grew by 5% on a constant currency basis driven by total volume growth of 4%. Lager volumes increased by 2% with our above mainstream brand Pilsen Callao achieving double digit growth, as consumers continue to trade up from mainstream, more than offsetting a decline in our premium Cusqueña brand. Our international premium brand offerings continued to expand their reach with double digit volume growth. Our share of lager market volumes continued to improve, up by 60 bps, underpinned by strong trade execution during the summer and the World Cup soccer activities, which overcame the effect of adverse weather conditions and social disruption from activities against illegal mining in the country. Soft drinks volumes were up by 13% with growth coming from Guarana, San Mateo and our non-alcoholic malt brand Maltin Power, all boosted by pack innovations. Further optimisation of our production grid, together with distribution and sales efficiencies, assisted financial results.

7%
Group NPR growth on an organic, constant currency basis.

In **Ecuador**, group NPR growth of 10% was underpinned by the continuing robust growth of our above mainstream brand Pilsener Light and price increases in the latter half of the prior year. We delivered 2% lager volume growth despite increased trading restrictions and advertising bans, through new occasions such as events and midweek outlet activation, together with pack innovation and the effective use of social media. In addition our sales service model yielded better quality service and improved our coverage. Our share of alcohol volumes declined by 350 bps in the year, moderating the significant gains achieved over the past few years, while Pilsener Light continues capturing share within the portfolio as consumers trade up. In addition to positive mix, fixed cost productivity further enhanced our margin and financial results.

In **Panama**, group NPR grew by 3% on an organic basis boosted by our mainstream brand Atlas and innovations in the light segment with the launch of Balboa Ice. Premium segment volumes were level reflecting strong price competition in the premium segment. Our non-alcoholic malt brand, Malta Vigor, saw 12% growth boosted by the smaller PET pack offering, while other soft drinks volumes declined due to heightened price competition. In February 2015 we disposed of our interest in an associated company involved in can manufacturing for cash consideration of US$7 million.

Light beer growth strengthens

In Latin America, strong demand for our light beer brands is increasing their importance in our portfolio.

Light beer is growing faster than any other segment in Latin America, as consumers, particularly women, increasingly favour easy drinking beers. We are meeting these evolving preferences, in line with our strategy of responding to trends and our aim to reach more consumers on more occasions. In the year, in Ecuador, volumes of Pilsener Light grew by 185%, and it now represents 28% of the brand franchise; in Colombia, volumes of Aguila Light grew by 9%.

Taking time out with friends and a beer

Our Jueves de Patas – or *Friends' Thursday* – campaign has created new occasions for friends to meet in on-trade premises in Peru.

Peruvians traditionally drink at home rather than in pubs, with just 37% of beer sold on-premise. Friends' Thursday encourages consumers to catch up with friends for an affordable weekday Pilsen Callao beer outside the home. Our Peruvian business Backus built excitement around the four-year campaign with quirky through-the-line media and by offering prizes and incentives to consumers, participating bars and the sales force.

In **Honduras**, group NPR growth of 5% on a constant currency basis was underpinned by lager volume growth of 2%, where double digit growth was achieved in the last quarter with the impetus in driving affordability through pricing and packs. This came against the backdrop of unfavourable economic conditions, Sunday dry laws and continuing security concerns which have impacted consumption particularly in the on-premise channel. Against this tough environment, our trade execution and brand resonance with consumers remains strong, with a gain in alcohol volume share of 60 bps. Soft drinks volumes grew by 5%, driven by still drinks, multi-serve packs and new formats for sparkling soft drinks.

El Salvador delivered group NPR growth of 8% driven by lager volume growth of 6% with bulk packs growing strongly as a result of our affordability strategy and strong trade execution. Lager growth was driven by our flagship mainstream brand, Pilsener, together with above mainstream brand Golden Light. In the premium segment our local brands continued to grow and the Miller range of brands saw double digit growth. Soft drinks volumes grew by 6%, with particularly strong growth in sparkling soft drinks.

Prosper

Two of our Latin America region's top sustainability priorities are water security and accelerating growth and social development in our value chain.

South America accounts for 28% of global fresh water and has the highest rainfall. However, water is often in the 'wrong' place, prevalent in scarcely populated rainforest and scarce in Lima, where nine million people live in a desert. SABMiller and The Nature Conservancy (TNC) are working together in three countries across Latin America to build AquaFunds, which gather investments from water users and direct the funding towards conserving ecosystems that filter and regulate water supply. In Colombia, our Bavaria business, along with TNC and other partners, has funded eight projects to date.

Read more at **www.sabmiller.com/aquafunds**

Small-scale shopkeepers – tenderos – are a vital part of our value chain, accounting for 40% of sales volumes across the region. Our 4e Path to Progress programme has provided more than 7,600 tenderos with business and leadership training, in partnership with the Inter-American Development Bank and FUNDES.

Read more on page 8.

Read more about regional and country sustainability priorities and performance at **www.sabmiller.com/sam**

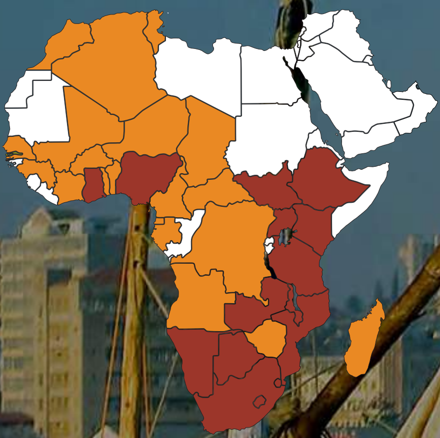
Building employee engagement

Our Latin America region's strong performance is underpinned by its commitment to developing a people-centred business strategy and culture.

In our global employee opinion survey, the region delivered a 91% 'high engagement' score – outperforming fast-moving consumer goods companies, Latin America and SABMiller norms. Key to this impressive result was the region's Meaningful Jobs initiative, which aims to ensure its 36,000 employees and contractors feel that they and their work matters. The initiative tracks – and where necessary takes follow-up action on – eight criteria, ranging from understanding expectations and the suitability of work tools to regular feedback and opportunities to learn and advance. A complementary Meaningful Conversations programme has coached 3,500 leaders, at all levels, in effective communication.

AFRICA

Where we operate



● Significant business with production operations

● Associates

Lager volumes

48.4m hl

+4%[1]

Soft drinks volumes

34.9m hl

+9%[1]

5 markets

are driving local sourcing and affordable growth through our Eagle and Impala brands.

Group NPR

US$7,462m

+9%[2]

Drive superior topline growth through our brands:

Castle Lite: reached 5.5 million hl as it is rolled out across the region;

Hero in Nigeria: 1 million hl within two years of launch; and

Strong growth of flavour innovations in South Africa, such as Flying Fish and Castle Lite Lime.

+6%[2]
EBITA
US$1,907m

[1] Organic basis.
[2] Organic, constant currency basis.

Africa

"The majority of our markets performed well through strong local portfolios with continued premiumisation and growth of our affordable brands."

Mark Bowman
Managing Director,
SABMiller Africa

"The skill and scale in the South African business is benefiting the African businesses."

Africa delivered group NPR growth of 9% on an organic, constant currency basis (1% on a reported basis). The growth was derived from share gains across a number of markets, total volume growth of 5%, selective pricing and continued premiumisation in lager. The performance in the fourth quarter was particularly strong, underpinned by the timing of Easter in the year and cycling weaker trading in the prior year. Lager volumes in the region grew by 4%, tempered by declines in Tanzania and Zambia, as a result of excise-related pricing, and Zimbabwe, which was challenged due to weak economic fundamentals. The majority of our markets performed well through strong local portfolios with continued premiumisation and growth of our affordable brands. We recorded strong growth in our soft drinks portfolio resulting from price moderation and strong retail execution. We continue to invest in capacity including the commissioning of the Namibia brewery during the second half of the year and expansions in Ghana and Nigeria which are nearing completion. The construction of our maltings plants in South Africa and Zambia is progressing well.

EBITA grew 6% on an organic, constant currency basis, but declined by 2% on a reported basis due to the depreciation of key currencies against the US dollar. We continue to invest behind our brands, innovate and strengthen our execution in trade. Currency weaknesses created raw material input cost pressures which were partially offset by our focus on improving production efficiencies and sustainable development initiatives, such as our 'Go Farming' approach. EBITA margin declined by 70 bps on a reported basis driven by transactional impacts of currency depreciation, moderated pricing in conjunction with our affordability initiatives, and adverse geographic mix.

The integration of our South Africa beverages business and the rest of Africa into one region is progressing well. The skill and scale in the South African business is benefiting the African businesses in the areas of innovation, distribution, sourcing and revenue management.

Financial summary	Reported 2014	Net acquisitions and disposals	Currency translation	Organic growth	**Reported 2015**	Organic, constant currency growth %	Reported growth %
Group NPR (including share of associates) (US$m)	7,421	(13)	(636)	690	**7,462**	9	1
EBITA[1] (US$m)	1,954	(4)	(152)	109	**1,907**	6	(2)
EBITA margin (%)	26.3				**25.6**		
Sales volumes (hl 000)							
Lager	46,768	–		1,645	**48,413**	4	4
Soft drinks	32,080	2		2,819	**34,901**	9	9
Other alcoholic beverages	7,618	(62)		62	**7,618**	1	–
Total beverages	86,466	(60)		4,526	**90,932**	5	5

[1] In 2015 before a net exceptional credit of US$45 million being additional profit on disposal of a business in 2012 (2014: net exceptional charges of US$8 million being Broad-Based Black Economic Empowerment related charges of US$33 million, net of profit on disposal of a business of US$25 million).

Castle Lite becomes a significant regional premium brand

Castle Lite strengthened its position as an Africa-wide premium brand attracting new consumers of both genders and creating new occasions for consumption.

Twenty-one years after its launch in South Africa, Castle Lite – which is made at -2.5°C – is now enjoyed in 11 countries. This year, regional volumes grew by more than 20%, with particularly strong growth in Mozambique, Namibia, South Africa and Zambia. We are now looking to align Castle Lite's Extra Cold proposition across the continent.

In **South Africa**, strong group NPR growth of 9% on organic, constant currency basis was delivered in the context of weak economic growth. Lager volume growth of 2% was driven by market share gains, selectivity in inflation-related price increases and improved mix resulting from the double digit growth of our premium brands Castle Lite and Castle Milk Stout. In the mainstream segment, sustained growth in Castle Lager and Carling Black Label volumes was partially offset by a decline in Hansa Pilsener. Innovation in the flavoured beer segment continued to deliver strong growth from both Flying Fish and Castle Lite Lime. Fixed costs and manufacturing efficiencies produced productivity benefits that mitigated the impact of the shift in consumer preferences into lower margin packs. Soft drinks volume growth of 8% in a highly competitive environment was aided by improved trade execution, price restraint and pack innovation. Strong growth continued in 2 litre PET packs supported by the growth of 440 ml cans and 330 ml PET bottles. Reductions in distribution and fixed costs continued and were partially offset by discounts to manage price points.

In **Tanzania**, lager volumes declined by 7% due to excise-related pricing and a weak agricultural harvest affecting rural consumer sentiment, although we still gained share of the lager market. Group NPR still grew by 6% on a constant currency basis reflecting positive lager brand mix driven by Castle Lite in the premium segment and Castle Lager in mainstream, price increases in the context of mid-single digit inflation, and growth in spirits volumes. The growth in the latter was across the portfolio, aided by brand renovations and increased investment in our sales force.

9%
Group NPR growth on an organic, constant currency basis.

Stimulated by Impala, Castle Lite and 2M, lager volumes in **Mozambique** grew by double digits despite the impact of widespread floods in parts of the country in the fourth quarter. The drivers of growth include selective adjustments to price points, a revamped route to market, and a more stable political environment. This resulted in group NPR growth of 22% on an organic, constant currency basis. Traditional beer performance was impacted by the ban on PET which affected our Chibuku brand. The integration of the wines and spirits business, acquired in the prior year, has been successfully completed.

In **Nigeria**, group NPR growth remained strong, with volume growth driven by incremental capacity, improved availability and continued sales and distribution focus. Non-alcoholic malt beverage volumes grew by double-digits. Our regional brands, Hero and Trophy, are performing well on an absolute and relative basis as they establish themselves as local heartland offerings and are resonating strongly with consumers. Their respective contribution to the regions they service is growing and brand visibility is increasing.

Flavour innovation drives growth

Extending refreshment occasions is another route to realising topline growth. To achieve this, we have launched flavoured beer innovations, such as Flying Fish in South Africa.

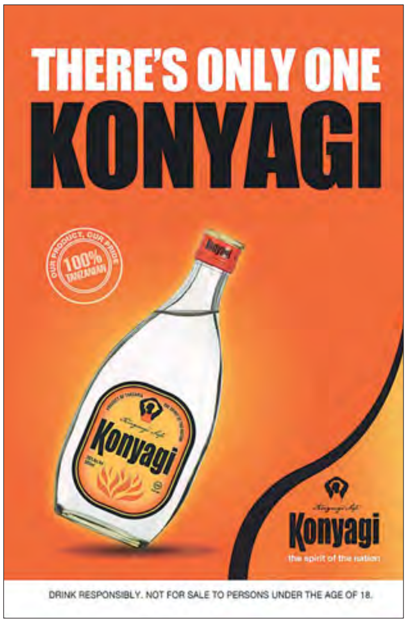
Flying Fish engages both male and female drinkers from other categories on a greater variety of occasions. The brand grew strongly in the year supported by the introduction of convenience packs and has now been launched in five other African countries.

The launch of Castle Lite Lime, the first brand extension of the very successful Castle Lite brand, is another example of innovation with flavour. Castle Lite Lime complements our flavoured Brutal Fruit and Redd's brands.

Building on our success in mainstream African spirits

We are building on our mainstream local spirits success in Tanzania to develop the category across Africa.

The African local spirits market is fragmented and largely informal, with most products being untaxed, unregulated and of low quality. Following our 1993 acquisition of Tanzania Breweries Limited, which included Tanzania Distillers Limited, we have had great success. Over the past five years, Konyagi volumes have increased at a compound annual growth rate of 25%. We are now looking to replicate this success selectively with new local operations. In the year ended 31 March 2014, we acquired a spirits business in Mozambique and in the year we commenced operations in Ethiopia and Nigeria.



Group NPR in **Zambia** grew by 3% reflecting price increases in both lager and soft drinks and growth in soft drinks volumes. Profitability was impacted by an 8% decline in lager volumes driven by the excise-related price increases taken in January 2014. Volumes returned to growth in the final quarter, as we cycled the excise increase, together with strategic price repositioning and the launch of mainstream bulk packs. Soft drinks volumes grew by 3% resulting from increased availability while traditional beer volumes declined 2%.

Trading in **Botswana** was rejuvenated with total volumes growing by 8%, driven by the launch of new packs, lager market share gains and robust growth in the 2 litre PET soft drinks pack.

In **Zimbabwe**, consumers' disposable income remained under pressure amid a negative economic environment. This has resulted in a loss in volume and increased demand for economy brands and packs which has driven down value. Chibuku Super volumes grew by 23%.

Castel, our associate, delivered volume growth of 6% with notable performances in lager achieved in the competitive markets of the Democratic Republic of Congo and Ethiopia, as well as Burkina Faso and Cameroon. This was supported by soft drinks growth in Angola, Algeria and the Ivory Coast. All these factors assisted group NPR growth during the year.

Our associate **Distell's** volume performance was up 2% on an organic basis supported by selective price increases and a change in sales and brand mix.

Prosper

Across Africa, some of our breweries face water supply challenges, from availability to quality. Beyond our breweries, water scarcity limits prosperity and growth for thousands of communities. SABMiller invests in partnerships to secure water for our business growth and for the water users around us. In 2014 we funded a Water Resources Group partnership in Tanzania to bring together the government and private sector to address a number of pressing water resource issues.

Read more about how we are partnering to tackle water risk on page 48.

Harmful consumption of alcohol remains a significant concern across the region. In South Africa, where underage drinking is a serious issue, YouDecide encourages young people to make positive choices and avoid drinking underage. Since it was introduced, our campaign has reached more than 1,000 schools and over half a million students. Through the reality TV series, Future Leaders, it showcases ordinary teenagers who are role models for others struggling to do the right thing.

Read more at **www.youdecide.org.za**

Read more about regional and country sustainability priorities and performance at **www.sabmiller.com/sam**

Supporting African innovation

In Africa, we have pioneered the use of traditional local crops such as sorghum and cassava in beer, creating new markets for small-scale subsistence farmers who can now sell surplus crops, boosting their income and food security. In Uganda, for example, Nile Breweries directly supports 20,000 smallholder farmers who grow sorghum for Eagle lager, which has helped us become the number one brewer in the market.

Through a new exchange programme, in partnership with the Royal Society in London, we hope to identify, nurture and grow local African scientific expertise to drive the next innovations in agriculture, renewable energy, water security and sanitation.

ASIA PACIFIC

Lager volumes

71.2m hl

-2%[1]

Where we operate

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

Group NPR

US$3,867m

+1%[2]

2.5 hl

water/hl beer

Our Yatala site in Australia is the group's most water-efficient brewery.

-4%[2]

EBITA

US$768m

Drive superior topline growth through our brands:

China: Premium growth from Snow Draft and Brave the World;

Australia: Premium lager volumes up 7%.

[1] Organic basis.

[2] Organic, constant currency basis.

Asia Pacific

"Beverage volume decline of 2% on an organic basis being offset by group NPR per hl growth of 3%."

In Asia Pacific, group NPR grew by 1% on an organic, constant currency basis, with the beverage volume decline of 2% on an organic basis being offset by group NPR per hl growth of 3%, reflecting pricing together with premiumisation in China as well as a change in the relative weighting of volumes in Australia compared with China. Reported group NPR declined by 2% reflecting the depreciation of currencies against the US dollar. EBITA declined by 4% on an organic, constant currency basis and by 9% on a reported basis, reflecting declines in Australia together with China, where the volume decline in the first half of the year had a significant impact on profitability. Reported EBITA margin declined by 150 bps, an improvement on the first half of the year as our associate in China, CR Snow, returned to volume growth. Volume and group NPR improvements in China were seen particularly in the northeast, the west and the key central provinces with a favourable impact on profitability for the Asia Pacific region. In the second half of the financial year, we received the first dividend from our associate, CR Snow, amounting to US$228 million.

In **Australia**, group NPR on a constant currency basis declined by 2%, reflecting a volume decline of 1% and marginally lower group NPR per hl. Consumer sentiment remains subdued with continued pressure on consumer spending affecting beer category volumes, which declined by low single digits. While we gained share in a weaker market, the lager volume decline reflected a softer mainstream segment, with declines in core brands, which was only partially offset by strong growth in our premium portfolio.

"In Australia, the integration programme delivered savings and capability build ahead of expectations."

Ari Mervis
Managing Director,
SABMiller Asia Pacific

Financial summary	Reported 2014	Net acquisitions and disposals	Currency translation	Organic growth	**Reported 2015**	Organic, constant currency growth %	Reported growth %
Group NPR (including share of associates) (US$m)	3,944	34	(141)	30	**3,867**	1	(2)
EBITA[1] (US$m)	845	1	(44)	(34)	**768**	(4)	(9)
EBITA margin (%)	21.4				**19.9**		
Sales volumes (hl 000)							
Lager	71,493	1,449		(1,761)	**71,181**	(2)	–
Other beverages	110	–		(17)	**93**	(15)	(15)
Total beverages	71,603	1,449		(1,778)	**71,274**	(2)	–

[1] In 2015 before exceptional charges of US$452 million being US$139 million (2014: US$103 million) of integration and restructuring costs and impairments of US$313 million (2014: US$nil).

Snow reaches China milestone

We celebrated the 20th anniversary of our partnership with China Resources Enterprise, CR Snow, in Chengdu this year. Snow is the market-leading beer in China and the biggest global beer brand.

CR Snow has been pursuing a premiumisation strategy, which includes evolving Snow's positioning from that of a regional brand to a national one, reflecting the ambition and growth of China. More than 30% of CR Snow's volumes are now in the premium segment, led by variants Snow Brave the World and Snow Draft.

Increased trade investment activities during the first half of the year, driven by investment in key customer trading terms and promotions in a highly competitive retail trading environment, were largely compensated by price increases taken later in the year which, together with positive momentum in the contemporary and premium segments, resulted in an improved group NPR per hl trend in the second half of the year. Profitability declined, reflecting lower volumes and pricing pressures.

The integration programme is now complete and has delivered both savings and capability build ahead of expectations, with cumulative annualised synergies of approximately A$210 million by the end of this financial year and some annualised benefits to be realised in the next financial year. We continue to optimise our brewery network and production scheduling with the closure of the Warnervale brewery and the announced closure of Port Melbourne brewery and Campbelltown cidery, which will occur in two stages and will be complete by the financial year ending 31 March 2017.

1%
Group NPR growth on an organic, constant currency basis.

In **China**, organic, constant currency group NPR grew by 2% even though volume declined by 3%. Our associate, CR Snow, maintained national leadership in a market that declined during the second half of calendar 2014 due to an abnormally cold and wet summer peak period, especially in the central provinces of Hubei, Anhui and Jiangsu along the Yangtze

Australians embrace Italian style

Peroni Nastro Azzurro achieved 30% volume growth in Australia in the year, as demand for it and lower alcohol variant Peroni Leggera continued to rise.

Peroni now represents more than 8% of the country's premium imported beer segment. During the year, CUB kept Peroni's profile high with opinion formers and consumers with its sleek *Stile Italiano* website and sponsorship of the fashionable Portsea Polo meeting. The brand's association with the 2015 meeting, which attracts strong media coverage, delivered 36 million Peroni impressions across TV, print, radio and digital.

river. A return to volume growth in the final quarter of our financial year reflected strong performances in the northeast and west, together with an improved trend in the key central region. Group NPR per hl grew by 5% driven by the continued focus on premium brands and outlets led by Snow Draft and Snow Brave the World.

The Kingway acquisition has been fully integrated into the CR Snow production grid, combining distribution channels in four provinces and complementing the CR Snow portfolio of brands.

Profitability declined due to the costs associated with the integration of Kingway, the continued investment in marketing activities that focus on premium brands and occasions, and selling and promotional expenses which anticipated a more usual summer peak in sales.

In **India**, group NPR on a constant currency basis grew by 6% with group NPR per hl growth of 5% driven by price increases taken across several states. Profitability declined reflecting the challenging operating environment resulting from changes in regulatory requirements and inflationary input cost increases which exceeded price realisation and state-constrained pricing. We have recognised an exceptional impairment charge of US$313 million in respect of our Indian business, primarily reflecting our assessment of the impact of increasing regulatory and excise challenges in the operating environment in India and the proposed partial introduction of a national goods and services tax (GST) which will not apply to beer, so that GST on input costs is not expected to be recoverable.

Authentic Australian brand rolls out nationwide

CUB is building on the huge success of regional lager Great Northern Original with the national rollout of a variant – Great Northern Super Crisp.

Great Northern Original became the fastest-selling beer brand in Queensland after its 2010 launch, growing by 47% last year. Great Northern Super Crisp, which was launched in February 2015, targets the contemporary beer segment. The Great Northern brand, which was named after CUB's first Queensland brewery and features the company's classic marlin logo, satisfies growing consumer desire for authenticity.

Prosper

Water scarcity is a top priority for SABMiller across the Asia Pacific region. Yatala in Australia continues to lead the group as our most water efficient brewery, using an average of just 2.5 hectolitres (hl) of water to make 1 hl of beer. In India, our focus is on partnering with others to tackle shared water risks. SABMiller has invested US$0.5 million to help tackle water risk in Maharashtra, along with partners including the International Finance Corporation.

Our beers are enjoyed by millions of consumers across the region but a minority drink alcohol irresponsibly, increasing the risks to themselves, their families and their communities. In Australia, the hard-hitting DrinkWise social media campaign How to Drink Properly speaks directly to 18 to 24-year-olds to influence them to drink responsibly. The campaign aims to make binge drinking less socially acceptable among young drinkers, while encouraging those who drink moderately to continue doing so.

Find out more at **www.howtodrinkproperly.com**

Read more about regional and country sustainability priorities and performance at **www.sabmiller.com/sam**

Local barley for local beer

In India, our Saanjhi Unnati (Path to Progress) programme supports more than 9,500 smallholder farmers to grow malting barley and so access a new market, increase yields and incomes, and improve environmental sustainability. The programme now provides 65% of our barley supply in India.

EUROPE

Lager volumes

43.6m hl

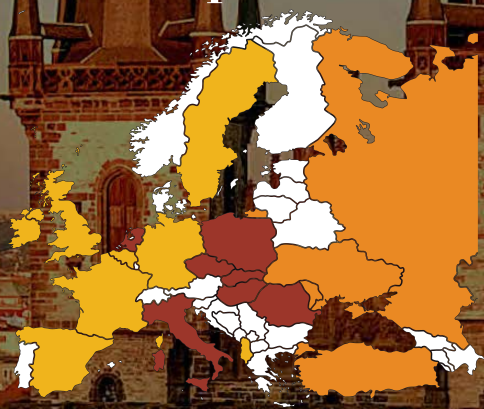
0%[1]

Soft drinks volume

15.5m hl

+5%[1]

Where we operate



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

NPR

US$4,398m

+2%[2]

+6%[2]

EBITA

US$700m

3.1 hl water/hl beer

average water use across the region.

Drive superior topline growth through our brands:

Czech on-premise grew after several years of decline, supported by the introduction of Gambrinus unpasteurised;

Significant progress in core brands: Kozel and Radegast in the Czech Republic, Żubr and Lech in Poland.

75%

of fridges purchased in Europe are HFC-free

[1] Organic basis.

[2] Organic, constant currency basis.

Europe

"Innovation has remained a key priority and our efforts have included core brand renovations along with innovations focused on serving more consumers on more occasions."

Sue Clark
Managing Director,
SABMiller Europe

"Performance was boosted by enhanced focus on effective sales execution in the marketplace."

In Europe, group NPR grew by 2% on an organic, constant currency basis with group NPR per hl growth of 1%. On a reported basis, group NPR was down 4% impacted by the weakening of European currencies against the US dollar. Total beverage volumes were up 1% with soft drinks volumes up 5% and lager volumes level with the prior year. Growth in the region was delivered against a backdrop of continued economic uncertainty and low inflation.

Innovation has remained a key priority and our efforts have included core brand renovations along with innovations focused on serving more consumers on more occasions. Among the many activities were the launches of new radler variants and flavours in a number of markets, including Peroni Chill Lemon radler in Italy, and the national launch of Kingswood cider in the Czech Republic. Performance has been boosted by enhanced focus on effective sales execution in the marketplace and further efficiencies.

EBITA grew 6% on an organic, constant currency basis, and was in line with the prior year on a reported basis. Reported EBITA margin improved by 50 bps underpinned by cost savings delivered as we optimise our operating model.

In the integrated **Czech Republic** and **Slovakia** business, group NPR was up by 4% on a constant currency basis with volume growth of 5% reflecting strong performance ahead of the market in both countries and in both the on-premise and off-premise channels. Volume growth was driven by the off-premise channel due to good execution of effective promotions and assisted by two Easter trading periods occurring in this financial year. The premium segment grew strongly, boosted by the performance of Pilsner Urquell during the key occasions of Easter and Christmas and by the continued growth of Kozel 11°, while our core mainstream brand Gambrinus continued to decline.

Financial summary	Reported 2014	Net acquisitions and disposals	Currency translation	Organic growth	**Reported 2015**	Organic, constant currency growth %	Reported growth %
Group NPR (including share of associates) (US$m)	4,574	–	(281)	105	**4,398**	2	(4)
EBITA[1] (US$m)	703	–	(42)	39	**700**	6	–
EBITA margin (%)	15.4				**15.9**		
Sales volumes (hl 000)							
Lager	43,590	–		5	**43,595**	–	–
Soft drinks	14,716	–		777	**15,493**	5	5
Total beverages	58,306	–		782	**59,088**	1	1

[1] In 2015 before an exceptional charge of US$63 million being the group's share of Anadolu Efes' impairment charge relating to its beer businesses in Russia and Ukraine (2014: US$11 million being capability programme costs).

Volume growth in a challenging market

Strong local brands are helping our Polish business, Kompania Piwowarska, to capture growth.

In the premium segment, our speciality lager Książęce increased volumes by 2%, following a multi-layered marketing campaign. This involved introducing seasonal limited editions, building a stronger on-trade presence, and looking to strengthen the brand's connection and pairing with food. In the mainstream segment, market leader Żubr gained volume market share. This upswing was helped by a fresh and consistent creative platform, an effective pricing strategy and improved in-store visibility.

In **Poland**, volumes grew by 2%, marginally behind the market. Group NPR declined by 2% on a constant currency basis reflecting a sustained challenging pricing environment. Channel dynamics have resulted in adverse mix with modern trade retailers and traditional trade key accounts increasing their share of our sales. Mainstream segment volumes grew, driven by Żubr but partly offset by a decline in Tyskie. Lech grew strongly, benefiting from strategic repositioning along with reinvigorated marketing.

Group NPR in the **United Kingdom** grew by 4% on a constant currency basis driven by the double digit volume growth of Peroni Nastro Azzurro through increased rate of sale and distribution in key outlets and assisted by good summer weather, offset by a volume decline in the Polish portfolio. On 15 May 2015 the group announced it was to acquire 100% of Meantime Brewing Company Ltd, a UK modern craft brewer. We expect to complete the transaction in June 2015.

2%
growth in group NPR on an organic, constant currency basis.

In **Italy**, group NPR declined by 1% on a constant currency basis driven by a volume decline of 1% reflecting particularly poor weather during the peak season and the impact on consumer confidence of continuing economic uncertainty. These market dynamics impacted the performance of both the Peroni and Nastro Azzurro brands, primarily in the on-premise channel, although this was partly offset by the stronger performance of Peroni Chill Lemon radler.

In **Romania**, group NPR was down 1% on a constant currency basis with lower volumes being offset by price increases and reduced promotional support. Volumes were down 2%, outperforming a declining market, with lower Timisoreana and Ursus volumes partly offset by growth of Ciucas, which was supported by new packaging.

Anadolu Efes' group NPR growth moderated in the full year after a more challenging second half year during which a decline in consumer confidence in Turkey suppressed soft drinks volumes while lager volumes continue to be impacted by the uncertain market conditions in Russia and Ukraine. Profitability benefited from cost optimisation programmes. An exceptional charge of US$63 million has been recognised, being the group's share of Anadolu Efes' impairment charge in relation to its beer businesses in Russia and Ukraine.

Tremendous tanks

We are enhancing the perception of – and demand for – beer by showcasing the tank at the heart of the bar.

In parts of Europe, tanks have long been used to dispense beer. We are now moving them into the spotlight by emphasising the taste of unpasteurised tank beer such as Pilsner Urquell, and in the year installed gleaming, branded tanks in selected outlets across Europe. To enjoy tank beer, many consumers will travel miles, pay more and change brands. Tanks are also enhancing the quality reputation of draught beer.

Expanding the Peroni family

Birra Peroni is meeting the changing tastes of Italian consumers and creating new occasions for consumption with innovative brand extensions.

To offer greater mealtime choice, in the year we introduced a larger, 50cl wine bottle for existing Peroni Gran Riserva variants for special events and sharing; a pure malt Peroni Gran Riserva extension, and a gluten-free beer for the growing number of gluten-intolerant consumers. To encourage social consumption outside mealtimes, we also launched Peroni Forte, an 8% ABV lager for after dinner. This activity increased overall volumes and awareness and, in line with strategy, increased Peroni's share of the premium segment.

Prosper

We continue to focus on improving resource efficiency across our breweries and value chains in Europe. Returnable bottles are in long-term decline in some European markets. We are therefore devising new packaging solutions that meet changing consumer needs while reducing our environmental impact.

Europe leads the group globally in the purchase of HFC-free fridges. We aim to share lessons from Europe to help scale the use of HFC-free fridges in other regions, with the aim of being 100% HFC-free buyers by 2020.

Concerns about the effects of the harmful and irresponsible consumption of alcohol continue, and we remain committed to our multi-stakeholder partnerships to address alcohol harm in the markets where we operate. Since 2007, SABMiller Europe has worked with the EU Alcohol and Health Forum to make voluntary commitments on how we market our brands, and place responsible drinking messages on our products. This year, we committed to list ingredients and nutrition values for our brands on our local websites. This latest commitment comes from our firm belief that consumers have the right to be well informed about our beers. We are immensely proud of our products and the ingredients used to produce them.

Sharing to save

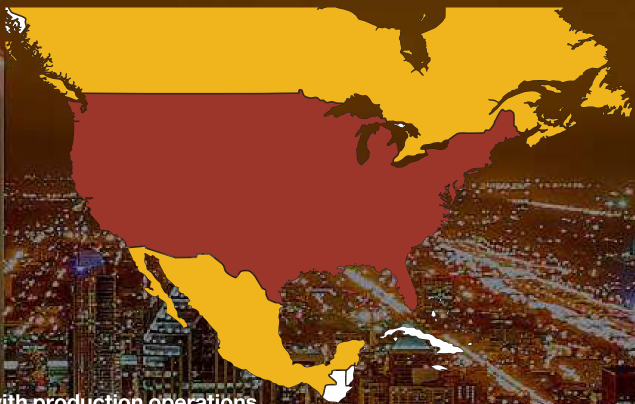
SABMiller's diverse European product portfolio and diverse packaging formats makes improving carbon and water efficiency particularly challenging.

Our region-wide taskforce spearheaded an energy and water efficiency programme by sharing best practice and mentoring efficiency champions across our breweries.

Collaboration has delivered significant results. We have saved 45 million hl of water – enough to fill 1,800 Olympic swimming pools – and 84,000 tonnes of CO_2e – equivalent to taking 17,200 small cars off the road – since 2010.

NORTH AMERICA

Where we operate



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

Lager volumes

38.5m hl

-2%

Group NPR

US$4,682m

0%[1]

[1] Organic, constant currency basis.

+7%

EBITA

US$858m

US$2,900m

Spent with diverse suppliers since 2008.

Landfill-free

7/8

Seven of MillerCoors' eight major breweries are now landfill-free, with Milwaukee reaching this landmark in the year.

Drive superior topline growth through our brands:

Redd's grew volume by 36% – the second largest flavoured malt beverage in the above premium segment;

Leinenkugel's Summer Shandy is the largest US seasonal craft beer.

North America

"MillerCoors' EBITA increased by 6% as the impact of lower volumes and increased marketing spend was more than offset by improved group NPR per hl and lower fixed costs."

The North America segment includes our 58% share of MillerCoors and 100% of Miller Brewing International and our North American holding companies. Total North America reported EBITA was 7% higher than the prior year, driven by growth in MillerCoors.

In October 2014 we settled the litigation in Canada with Molson Coors relating to the licence agreement for Miller trademark brands in Canada. As a result of this settlement, the rights to distribute Miller trademark brands in Canada reverted to SABMiller from 1 April 2015.

MillerCoors

For the year ended 31 March 2015, MillerCoors' EBITA increased by 6% as the impact of lower volumes and increased marketing spend was more than offset by improved group NPR per hl and lower fixed costs. Group NPR was in line with the prior year and group NPR per hl grew by 3% as a result of firm pricing and favourable brand mix. In line with its strategy, MillerCoors continued to expand its brand portfolio within the growing above premium segment with both established brands and new offerings. However, volume declines in the premium light, premium regular and economy segments led to a 2% decrease in both domestic sales to retailers (STRs) and domestic sales to wholesalers (STWs).

"In line with strategy, MillerCoors expanded its brand portfolio in the growing above premium segment."

Tom Long
Chief Executive Officer,
MillerCoors

Financial summary

Financial summary	Restated 2014	Net acquisitions and disposals	Currency translation	Organic growth	**Reported 2015**	Organic, constant currency growth %	Reported growth %
Group NPR (including share of joint ventures) (US$m)	4,665	–	(1)	18	**4,682**	–	–
EBITA[1] (US$m)	804	–	–	54	**858**	7	7
EBITA margin (%)	17.2				**18.3**		
Sales volumes (hl 000)							
Lager – excluding contract brewing	39,400	–		(892)	**38,508**	(2)	(2)
Soft drinks	40	–		–	**40**	1	1
Total beverages	39,440	–		(892)	**38,548**	(2)	(2)
MillerCoors' volumes							
Lager – excluding contract brewing	38,051	–		(897)	**37,154**	(2)	(2)
Sales to retailers (STRs)	37,846	n/a		n/a	**36,967**	n/a	(2)

1 As restated (see note 1 to the consolidated financial statements). In 2014, before exceptional charges of US$5 million being capability programme costs.

Fast-growing flavours

MillerCoors has become market leader of the fastest-growing US beer segment – flavoured malt beverages (FMBs).

MillerCoors has captured 23% of the FMB market in just over two years, helped by the success of Redd's and its Steel Reserve Alloy Series, which meet increasing demand for sweeter, fruit-flavoured drinks. Redd's, its premium FMB, grew by 36% in the year to become the quickest-expanding FMB brand. Innovation is widening its appeal: the higher alcohol Redd's Wicked, for instance, gained 53% of its sales in its first six months from wine and spirits. Steel Reserve Alloy Series, meanwhile, is the leading economy FMB.

Premium light volumes were down low single digits for the year, with similar declines for both Coors Light and Miller Lite. Although volumes declined, Miller Lite grew share within the segment, which was largely attributed to the brand reverting back to its original Lite packaging design, emphasising its authenticity. The premium regular segment volumes were down low single digits with a double digit decline in Miller Genuine Draft, partly offset by low single digit growth in Coors Banquet, which has maintained momentum generated by the introduction of the stubby heritage bottle.

MillerCoors' above premium brand portfolio grew mid-single digits for the year and gained share within the above premium segment driven by both organic growth and new brand offerings. Double digit growth from the Redd's franchise enhanced MillerCoors' position within the flavoured malt beverage segment, while the Leinenkugel's and Blue Moon franchises continued to grow. In addition, brand innovations such as Miller Fortune and Smith & Forge Hard Cider contributed to the full year growth within the segment, although Miller Fortune declined in the fourth quarter as it cycled its launch in February 2014. Growth within this segment was partially offset by double digit declines in strategically deprioritised brands, including Third Shift and Batch 19.

0%

Group NPR growth on an organic, constant currency basis.

While Miller High Life trends showed improvement over the course of the year, the economy portfolio declined mid-single digits driven primarily by high single digit declines in both Keystone Light and Milwaukee's Best.

The higher cost of commodities and other brewery inputs as well as the increased unit cost of premium, high margin brand innovations resulted in a low single digit increase in input costs per hl. The business continued to strive for efficiencies in its cost base, achieving cost savings in procurement and through brewery efficiencies. In addition, lower fixed costs were driven by a reduction in net employee benefits and pay costs, partly reflecting the organisational restructuring over the course of the last two years.

Prosper

MillerCoors is finding new and innovative ways to build on its heritage of brewing high-quality beer more sustainably, recognising that with great beer comes great responsibility.

This year's highlights included: breaking ground on the largest solar panel installation at any US brewery; expanding the flagship Free Rides programme to five new cities, to provide consumers with free rides home; and achieving landfill-free status in seven of its eight major US breweries.

MillerCoors actively engages with woman- and minority-owned businesses, as well as 513 verified small businesses (as defined by the US Small Business Administration). Since 2008, cumulative spending with diverse suppliers has totalled more than US$2,900 million.

MillerCoors also supports entrepreneurs beyond its value chain. In its second year, Miller Lite Tap the Future received 2,000 entries as entrepreneurs competed for the chance to claim a piece of the US$400,000 prize pool.

Read more about regional and country sustainability priorities and performance at **www.sabmiller.com/sam**

Safe rides home

Drink-driving is the number one US concern about alcohol misuse. MillerCoors works with partners to educate consumers on how to get home safely after evening drinking, and provides free, safe rides.

In 2014, the business provided more than 1.5 million people with opportunities to take a safe journey home.

Read more at **www.greatbeergreatresponsibility.com**

Innovation in cider

Innovation is driving MillerCoors' momentum in cider, America's fastest-growing alcohol segment.

US cider volumes have soared in the past five years, as consumers seek drinks that are sweeter, varied and gluten-free. MillerCoors is meeting this demand with two distinct but equally outstanding brands. Smith & Forge, which is positioned to appeal to men, has become the number one cider with male drinkers in its launch year and is already the country's third largest cider brand. Crispin, meanwhile, is America's leading premium artisanal cider and grew by just over 10% as MillerCoors extended distribution and encouraged 'mixology' with other beverages.

Iconic brand regains momentum

Miller Lite has growth in its sights again after seven years of declining US sales.

This iconic MillerCoors brand sold 43 million more cans over a six month period than it did in the same period in the prior year. The turnaround follows a powerful marketing campaign that celebrates the authenticity, quality and taste of the original low calorie beer. Key to the campaign is the reintroduction of the famous white label used when Miller Lite – and the light beer category – was first launched in the mid-1970s. One in three beers consumed in the USA is now a premium light beer.

Finance review

> Free cash flow at US$3,233 million was strong and was US$670 million higher than the prior year."

Domenic De Lorenzo
Acting Chief Financial Officer

> *The depreciation of key currencies had a significant negative impact on the translation of reported results."*

Financial highlights

- The depreciation of key currencies against the US dollar had a significant negative impact on the translation of reported results
- Group net producer revenue (NPR) declined 2% to US$26,288 million but increased by 5% on an organic, constant currency basis; revenue down 1% to US$22,130 million
- EBITA of US$6,367 million, a decrease of 1% on the prior year restated amount, up 6% on an organic, constant currency basis
- EBITA margin progression was in line with the prior year, up 30 bps on an organic, constant currency basis
- Adjusted profit before tax of US$5,642 million, a decrease of 1%; profit before tax of US$4,830 million, level with the prior year
- Adjusted EPS of 239.1 US cents, a 1% decrease; adjusted EPS in constant currency grew by 5% and by 6% excluding the prior year net earnings impact of the disposal of our investment in Tsogo Sun; basic EPS of 205.7 US cents, down 3%
- Total dividend for the year of 113.0 US cents per share, up 8%
- Free cash flow of US$3,233 million was US$670 million higher than the prior year, mainly due to higher dividend receipts from associates and joint ventures and lower interest and tax payments
- Net debt of US$10,465 million, a decrease of US$3,838 million from the prior year; strong balance sheet, gearing down 900 bps to 43.0% and net debt to adjusted EBITDA ratio reduced to 1.6

The group's financial goal is to deliver a higher return to our shareholders than our peer group, with an aspiration to be in the top quartile. We measure our performance against this goal by assessing total shareholder return (TSR), through growth in adjusted EPS, both on reported and constant currency bases, and free cash flow.

We achieved adjusted EPS growth in the year of 5% on a constant currency basis, as a result of higher operating profit, reduced finance costs and a lower tax charge. However, after reflecting the adverse translational impact of foreign exchange rate movements, reported adjusted EPS declined by 1%. Adjusted EPS on a constant currency basis and excluding the prior year net earnings impact of the disposal of our investment in Tsogo Sun Holdings Ltd (Tsogo Sun) was up 6%. Free cash flow at US$3,233 million was strong and was US$670 million higher than the prior year, as a result of good cash flow generation, lower interest and tax payments and increased dividend receipts from associates and joint ventures, including the first dividend from our Chinese associate of US$228 million, and the cycling of the additional investment in our Chinese associate in the prior year.

In the five years to 31 March 2015 we achieved a TSR of 121%, compared with the median of the comparator group of 85% as measured in accordance with the terms of our value share awards. The differential between the two of 36 percentage points is our TSR key performance indicator as shown on page 15.

New accounting standards and restatements

The accounting policies followed are the same as those used in the prior year except for the new standards, interpretations and amendments adopted by the group since 1 April 2014, as detailed in note 1 to the consolidated financial statements.

The adoption of these new standards, interpretations and amendments has caused changes to our results for the year ended 31 March 2014, including EBITA for the year being increased by US$7 million, with a similar increase in our share of associates' and joint ventures' non-controlling interests due to the adoption of IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements', IFRS 12, 'Disclosure of interests in other entities', together with revised versions of IAS 27, 'Separate financial statements' and IAS 28, 'Investments in associates and joint ventures'. The consolidated attributable profit, total comprehensive income, balance sheet and cash flow were unaffected. Comparative information has been restated as detailed in note 1 to the consolidated financial statements. Additional disclosures are also included in the consolidated financial statements as a result of adopting these new standards and amendments.

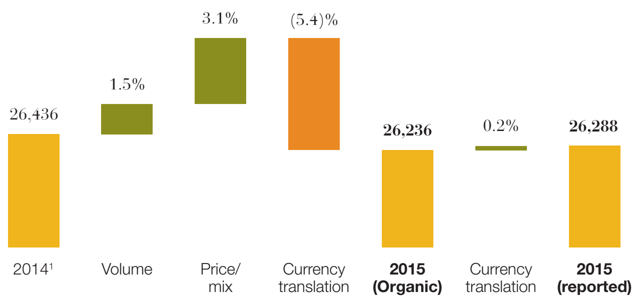
Key performance indicators (KPIs)

We use a range of KPIs to monitor progress against our strategy and our financial goal, as noted on page 15. We have changed some of our KPIs this year to align better with our strategy and remuneration basis, including adding a constant currency adjusted EPS growth KPI, changing our volume KPI from lager to total beverages, amending our EBITA margin progression KPI to be on an organic, constant currency basis, replacing the capability programme benefits KPI with a cost and efficiency programme savings KPI and amending the TSR KPI to link to our value share awards rather than our performance share awards. Further details of these changes are given on page 189. 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. Detailed definitions of these terms can be found on pages 188 and 189, and for certain items reconciliations to the nearest equivalent GAAP measure are provided below or in the notes to the consolidated financial statements.

Net producer revenue (NPR)

Group net producer revenue (NPR) was US$26,288 million (including our share of associates' and joint ventures' NPR of US$9,754 million). This represented a decrease of 2%, as a result of the adverse translational impact of foreign currency movements. However, on an organic, constant currency basis group NPR increased by 5% driven by our developing market operations in Africa and Latin America, with growth also in Europe and Asia Pacific, through a combination of improved mix, particularly brand mix, selective pricing and volume growth.

Group net producer revenue US$m
Components of performance



[1] Adjusted for disposals.

As shown in the chart above, improved price and mix contributed 3% of the growth in group NPR, with price/mix gains in all divisions, while higher volumes contributed 1.5%. Currency movements during the year reduced reported group NPR by 5%, as a result of the weakening of all our key currencies against the US dollar. The impact of acquisitions was negligible on the prior year base as adjusted for disposals, which principally related to the disposal of our investment in Tsogo Sun.

Group revenue declined in line with group NPR, while statutory revenue, which relates only to the revenue of our subsidiaries, decreased by just 1%, primarily in Europe and Australia, as a result of soft trading and the impact of currency weakness on translated results, partly offset by good revenue growth in Africa.

Group NPR per hl decreased by 3% on a reported basis yet increased by 3% on an organic, constant currency basis, with the primary reason for the difference being the depreciation of our key currencies. The reported figures were also impacted by the disposal of our investment in Tsogo Sun, which contributed to group NPR but not volumes. On an organic, constant currency basis all divisions recorded group NPR per hl growth as a result of favourable brand mix and selective price increases.

Volumes

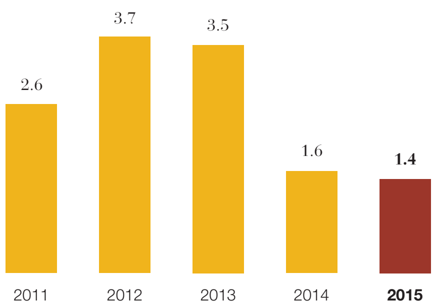
Good volume performance was delivered by our developing markets in Africa and Latin America offset by volume declines in North America and Asia Pacific, amid continued tough trading conditions and poor weather, particularly in China. Total volumes grew by 1% compared with the prior year on an organic basis and by 2% on a reported basis. Lager volumes were in line with the prior year on both organic and reported bases. On a subsidiaries only basis, excluding our share of our associates' and joint ventures' volumes, lager volumes grew by 2% on both reported and organic bases. Soft drinks volumes grew by 8% on both bases, driven by Africa and Latin America.

			Reported	Organic
	2015 hl m	2014 hl m	% change	% change
Total volumes	**324**	318	2	1
Lager volumes	**246**	245	–	–
Soft drinks volumes	**70**	65	8	8

Strategic report

The following chart shows organic growth in total beverage volumes for each of the last five years.

Total beverages: organic volume growth %



Input costs

Costs of goods sold (including our share of MillerCoors' costs of goods sold), which comprise production and distribution costs, increased by approximately 1% on the prior year on a constant currency per hl basis, in line with our previous guidance for the year. Raw material input costs were in line with the prior year. Costs per hl were impacted by the higher cost of crowns and labels for packaging, transactional foreign exchange impacts from depreciating local currencies, and higher prices for adjuncts, sugar and glass. This was offset by lower commodity prices for aluminium and European barley, following higher prices in the prior year due to a reduced European barley crop, and benefits from our global procurement programme through commercial negotiations and projects such as container light weighting. Distribution costs grew by 1% in the full year on a constant currency basis, primarily due to fuel price increases in Africa but were offset by efficiency benefits from our cost and efficiency programme in Latin America and South Africa.

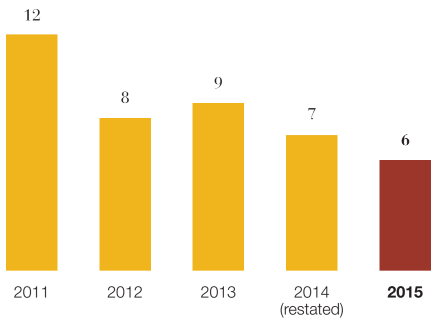
In the forthcoming financial year, we expect both the total cost of goods sold and total raw material input costs to increase by low single digits on a constant currency per hl basis. This will be driven principally by adverse transactional foreign exchange impacts in Latin America and Africa, slightly higher barley prices and adverse mix effects. These will be mitigated by continuing efficiency benefits from our cost and efficiency programme.

EBITA

We report EBITA (earnings before interest, tax, amortisation (excluding computer software) 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 achieved EBITA growth of 6% on an organic, constant currency basis, with all divisions except Asia Pacific delivering growth. Reported EBITA (including the impact of acquisitions and disposals) declined by 1% compared with the restated prior year amount, to US$6,367 million. The depreciation of key currencies and the disposal of our Tsogo Sun investment adversely impacted reported EBITA. The chart below 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.

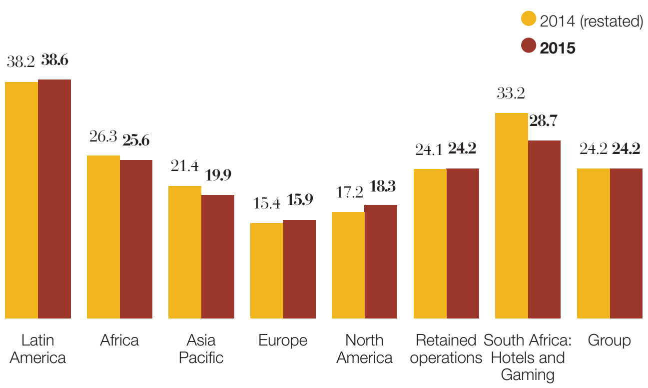
EBITA growth %
Organic, constant currency basis



EBITA margin

EBITA margin at 24.2% was in line with the prior year. The chart below shows EBITA margin by division, with Latin America, Europe and North America making particular progress with growth of 40, 50 and 110 bps respectively. However, the margin in Africa and Asia Pacific declined by 70 and 150 bps respectively. The disposal of our investment in Tsogo Sun negatively impacted the group EBITA margin due to the higher margin achieved in the South Africa: Hotels and Gaming division.

Reported EBITA margin performance %



On an organic, constant currency basis, EBITA margin improved by 30 bps, with similar trends as on a reported basis in each of our divisions.

EBITDA

EBITDA, which comprises EBITA plus depreciation and amortisation of computer software, including our share of associates' and joint ventures' depreciation and amortisation of computer software, amounted to US$7,762 million for the year, a 2% reduction on the prior year. For retained operations only, that is excluding our share of Tsogo Sun's EBITDA, EBITDA for the year was level with the prior year. Associates and joint ventures contributed 27% of our EBITDA.

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$138 million before finance costs and tax were reported during the year (2014: US$202 million) which included net exceptional charges of US$63 million (2014: US$5 million) related to our share of associates' and joint ventures' exceptional charges. The net exceptional charges included:

- US$313 million charge in respect of the impairment of our business in India;
- US$401 million gain, after associated costs, on the disposal of our investment in the Tsogo Sun hotels and gaming business;
- US$45 million additional gain on the 2012 disposal of our Angolan businesses to the Castel group in Africa;
- US$69 million charge related to the cost and efficiency programme; and
- US$139 million charge related to the final year of the integration programme and restructuring costs in Australia.

Our share of associates' and joint ventures' exceptional items in the year comprised a US$63 million charge relating to the impairment of goodwill and intangible assets in Efes' Russian and Ukrainian businesses.

In addition to the above, we incurred net exceptional costs within finance costs of US$15 million including a charge of US$48 million as a result of exercising our issuer call option to redeem in full our US$850 million 6.5% notes due 2016, partially offset by a gain of US$33 million on the recycling of foreign currency translation reserves following the repayment of an intercompany loan.

Finance costs

Net finance costs were US$637 million, a 1% decrease on the prior year's US$645 million primarily as a result of the reduction in net debt over the course of the year including the repayment of some higher interest rate bonds, partially offset by foreign exchange losses. Net finance costs in the year included net exceptional costs of US$15 million, as described above, which have been excluded from adjusted finance costs and adjusted EPS. Adjusted net finance costs are reconciled to net finance costs in the table below. They were 4% lower than the prior year. Interest cover increased to 10.7 times from 10.3 times in the prior year.

	2015 US$m	2014 US$m
Net finance costs	**637**	645
Net exceptional finance costs	**(15)**	–
Adjusted finance costs	**622**	645

We expect finance costs in the 2016 financial year to be lower than those in 2015 as a result of reduced net debt.

Tax

The effective rate of tax for the year (before amortisation of intangible assets other than computer software, and exceptional items) was 26.0%, the same as in the prior year.

We expect our effective tax rate for the forthcoming year will be between 26% and 27%. In the medium term we continue with our expectation that the effective tax rate will be between 27% and 29%.

The effective rate of tax is calculated as the ratio of adjusted tax expense to adjusted profit before tax as shown below.

	2015 US$m	2014 US$m (restated)
Taxation expense	**1,273**	1,173
Tax on amortisation	**117**	123
Tax on exceptional items	**(83)**	27
Share of associates' and joint ventures' taxation	**157**	162
Adjusted tax expense	**1,464**	1,485
Profit before tax	**4,830**	4,823
Exceptional items (excluding finance costs exceptional items)	**138**	202
Exceptional finance costs	**15**	–
Amortisation	**423**	436
Share of associates' and joint ventures' tax and non-controlling interests	**236**	258
Adjusted profit before tax	**5,642**	5,719
Effective tax rate	**26.0%**	26.0%

The reported corporate tax charge for the year was US$1,273 million, an increase of 9% compared with US$1,173 million in the prior year, primarily as a result of the tax on the exceptional profit realised on the disposal of our investment in Tsogo Sun.

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$1,439 million from US$1,596 million in the prior year. The decrease was largely as a result of the significant tax prepayment in Australia in the prior year, partially offset by the tax paid in relation to the exceptional gain on the disposal of our investment in Tsogo Sun.

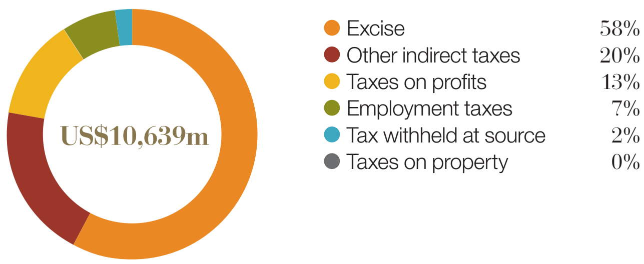
We are publishing an updated version of Our Approach to Tax report for 2015 which provides details of how we manage our taxes. We are keen to develop this transparency initiative and remain committed to ensuring that our reporting reflects best practice and regulatory developments.

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. We are pleased that, through our business activities, our tax contributions across the world help the development of the many economies in which we operate.

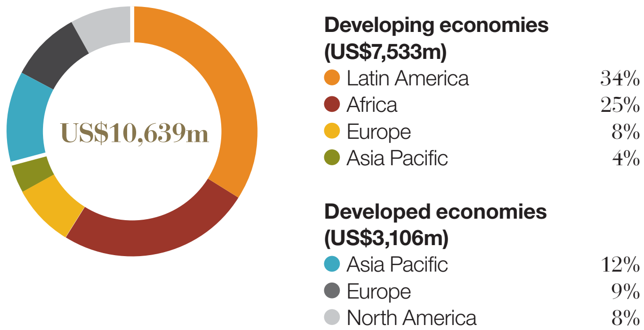
In all our tax affairs, we seek to work proactively with local tax authorities to ensure that we comply with legislation and pay the right amount of tax. Within this framework, we aim to adopt a balanced and commercial position, making decisions as transparently as possible. We recognise that tax policy and management are a significant part of running a sustainable and responsible business.

Total taxes borne and collected by the group, including excise and indirect taxes, and including those related to our MillerCoors joint venture in the USA, amounted to US$10,639 million (2014: US$10,750 million) in the year. The composition and divisional analysis respectively is shown in the charts below.

Tax borne and collected by category



Tax borne and collected by region



Profit and earnings

Adjusted profit before tax declined by 1% over the prior year to US$5,642 million primarily as a result of the adverse impact of currency depreciation more than offsetting improved constant currency group NPR per hl reflecting positive sales mix and selective price increases, cost efficiencies and lower finance costs. On a statutory basis, profit before tax of US$4,830 million was in line with the prior year for the reasons given above together with a reduction in net exceptional charges. The table below reconciles EBITA to adjusted profit before tax and to the statutory profit before tax.

	2015 US$m	2014 US$m (restated)	% change
EBITA	**6,367**	6,460	(1)
Adjusted finance costs	**(622)**	(645)	4
Share of associates' and joint ventures' finance costs	**(103)**	(96)	(7)
Adjusted profit before tax	**5,642**	5,719	(1)
Exceptional items	**(138)**	(202)	32
Exceptional finance costs	**(15)**	–	
Amortisation	**(423)**	(436)	3
Share of associates' and joint ventures' tax and non-controlling interests	**(236)**	(258)	9
Profit before tax	**4,830**	4,823	–

Adjusted earnings decreased by 1% to US$3,835 million. With the weighted average number of basic shares in issue for the year of 1,604 million, up slightly from the prior year's 1,597 million, adjusted EPS declined in both our reporting currency of US dollars and British pounds. However, it increased in South African rand as a result of the depreciation of that currency, as demonstrated in the table below.

	2015	2014	% change
US cents	**239.1**	242.0	(1)
UK pence	**147.4**	152.1	(3)
South African cents	**2,649.7**	2,451.7	8

On a constant currency basis, adjusted EPS improved by 5% compared with the prior year, and improved by 6% excluding the prior year net earnings impact of Tsogo Sun.

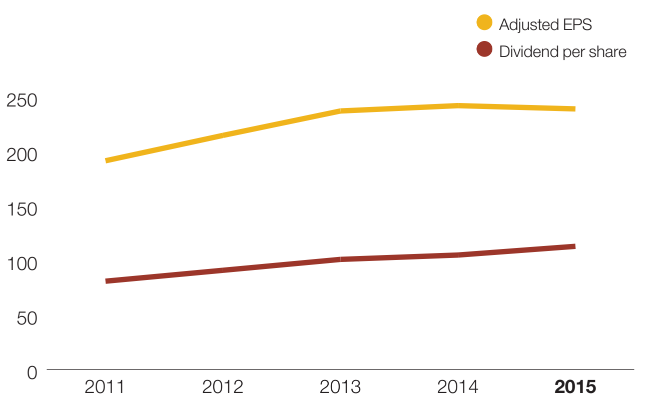
A reconciliation of the statutory measure of profit attributable to equity shareholders with adjusted earnings is shown in note 8 to the consolidated financial statements. On a statutory basis, basic earnings per share were 3% down on the prior year primarily as a result of a higher tax charge due to the tax on the disposal of our investment in Tsogo Sun.

Dividends

The board has proposed a final dividend of 87 US cents to make a total of 113 US cents per share for the year – an increase of 8% over the prior year. This represents dividend cover of 2.1 times based on adjusted earnings per share (2014: 2.3 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 the chart below.

Adjusted earnings per share (EPS) and dividend per share

US cents



It is also our intention that in future, barring exceptional circumstances, each year's interim dividend will be set at 25% of the prior year's total dividend. Accordingly, the interim dividend for the forthcoming financial year is expected to be 28.25 US cents.

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

Strategic report

Business combinations, disposals and similar transactions

The transaction with The Coca-Cola Company and Coca-Cola Sabco to form Coca-Cola Beverages Africa, which we announced in November 2014, is still to be completed, pending regulatory approvals.

In line with our strategy to focus on our core beverage operations, in August 2014 we completed the disposal of our investment in the Tsogo Sun hotels and gaming business, which generated a post-tax profit on disposal of US$239 million, and in January 2015 we completed the disposal of our associate investment in a packaging business in Panama, which generated a profit of US$2 million.

Adjusted EBITDA

We use an adjusted EBITDA measure which comprises operating profit before exceptional items, depreciation and amortisation, and includes our share of MillerCoors' EBITDA, in order to provide a useful indication of cash generation before capital expenditure. Adjusted EBITDA of US$6,677 million was in line with the prior year. Adjusted EBITDA margin, including our share of MillerCoors' net producer revenue, improved by 30 bps in the year to 31.7%.

	2015 US$m	2014 US$m (restated)
Subsidiaries' EBITDA (see note 2)	**5,690**	5,720
Our share of MillerCoors' EBITDA (see note 2)	**987**	936
Adjusted EBITDA	**6,677**	6,656
Subsidiaries' net producer revenue (NPR)	**16,534**	16,704
Our share of MillerCoors' NPR	**4,543**	4,526
	21,077	21,230
Adjusted EBITDA margin	**31.7%**	31.4%

Cash flow and investment highlights

Net cash generated from operations before working capital movements of US$5,680 million was in line with the prior year. This excludes cash contributions from joint ventures but includes the effects of cash flows from exceptional items, other than proceeds from the disposal of businesses and associates.

Cash flow from working capital was an inflow of US$132 million, principally as a result of the extension of key supplier payment terms, partly offset by an increase in year end receivables compared with the prior year in part due to the timing of Easter, together with the continued utilisation of restructuring and onerous contract provisions, primarily in Australia. Cash generated from operations increased by 1% over the prior year, to US$5,812 million.

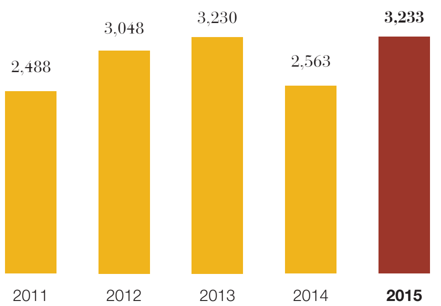
Tax paid in the year was down to US$1,439 million from US$1,596 million in the prior year. As described in the tax section, the decrease was mainly a result of the tax prepayment to the Australian Tax Office in the prior year, partly offset by the tax paid in the year on the exceptional gain made on the disposal of our investment in Tsogo Sun.

Net interest paid decreased compared with the prior year to US$651 million from US$743 million reflecting the reduction in net debt over the course of the year, partly offset by the early redemption payment.

Capital expenditure on property, plant and equipment for the year was US$1,394 million (2014: US$1,401 million), and US$1,572 million (2014: US$1,485 million) including the purchase of intangible assets. We have continued to invest in brewing capacity and capability, principally in Africa and Latin America, together with increased spend on the development of digital capability, networks and communications. Capital expenditure of approximately US$1,600 million is expected in the next financial year.

Free cash flow improved by US$670 million to US$3,233 million, reflecting lower net interest and tax paid, as described above, higher dividend receipts including the first dividend we have received from our Chinese associate, and the cycling of our increased investment in associates in the prior year, but excludes the proceeds from the sale of our Tsogo Sun investment. Free cash flow over the last five years is shown in the chart below.

Free cash flow
US$m



Cost and efficiency programme

In order to drive operational efficiencies additional to those delivered in the normal course of business and under the business capability programme, we launched a cost and efficiency programme in the prior year. It will expand the scope of our supply chain activities, including increasing the reach of our procurement organisation to more than 80% of spend under management, together with changes to its delivery model. It will also provide a global business services organisation delivering standardised finance, HR, procurement and data analytics services to the group's operations, enabled by the global template, from central locations and restructuring of in-country back office teams. This programme will involve upfront restructuring costs of approximately US$350 million, of which US$69 million has been incurred in the year bringing the cumulative costs to date to US$128 million. These costs exclude the further deployment of the global template and the running costs of the new global business services organisation which are embedded into business as usual costs. We continue to expect cumulative direct operational efficiencies and cost savings rising to approximately US$500 million per annum by the financial year ending 31 March 2018. Savings arising from this programme in the year and cumulatively amount to US$221 million per annum, and are ahead of expectations at this stage of the programme. Efficiencies and cost savings achieved in the year were largely delivered through our end to end, integrated supply chain, primarily in manufacturing and procurement, the reach of the latter now covering 69% of spend under management. This programme and related benefits are incremental to the cost savings and operating benefits delivered under the business capability programme concluded in the prior year and those delivered in the normal course of business.

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 to our investments in associates and joint ventures, including MillerCoors. Acquisitions after 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 decreased to US$44,911 million from the prior year's US$53,751 million primarily as a result of the impact of currency translation, partly offset by the profits earned and cash generated in the year.

Goodwill decreased to US$14,746 million, a reduction of US$3,751 million compared with the prior year amount, mainly as a result of the impact of foreign exchange rate changes on goodwill denominated in currencies other than the US dollar, together with the impairment of the goodwill in our Indian business.

Intangible assets decreased by US$1,654 million, compared with the prior year amount, to US$6,878 million primarily reflecting foreign exchange movements and amortisation, partially offset by additions mainly related to the development of digital capability, networks and communications.

Gross debt at 31 March 2015 decreased to US$11,430 million from US$16,384 million at 31 March 2014. Gross debt comprises borrowings together with the fair value of financing derivative assets or liabilities held to manage interest rate and foreign currency risk of borrowings. We repaid certain of our bonds from cash flows generated from operations, which together with foreign exchange benefits from our treasury risk management policy, reduced the level of debt. Net debt (comprising gross debt net of cash and cash equivalents) decreased to US$10,465 million from US$14,303 million at 31 March 2014. As at 31 March 2015, we held cash and cash equivalent investments of US$965 million (2014: US$2,081 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) decreased to 43.0% from 52.0% at 31 March 2014.

Total equity decreased from US$27,482 million at 31 March 2014 to US$24,355 million at 31 March 2014. The decrease was primarily owing to adverse currency translation movements and dividend payments, partly offset by profit for the year and share-based payment credits.

Financial structure and liquidity

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

We finance our 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.

Optimising resources to reduce costs

Our global procurement function is consolidating all SABMiller purchasing, to better support our global integration.

The function managed 69% of spend, in line with our March 2018 target of overseeing more than 80%. Our global sourcing teams continued to align themselves with best-in-class benchmarks, to achieve our strategic priority of 'liberating resources to win in market and reduce costs' and freeing our businesses to focus on consumers and customers.

The following table summarises our funding structure at 31 March 2015.

	2015 US$m	2014 US$m
Overdrafts	**(215)**	(213)
Borrowings	**(12,276)**	(16,783)
Derivatives	**1,114**	663
Finance leases	**(53)**	(51)
Gross debt	**(11,430)**	(16,384)
Cash and cash equivalents	**965**	2,081
Net debt	**(10,465)**	(14,303)
Maturity of gross debt:		
Within one year	**(1,608)**	(4,452)
Between one and two years	**(2,169)**	(842)
Between two and five years	**(3,121)**	(5,190)
Over five years	**(4,532)**	(5,900)

The average maturity of the gross committed debt portfolio is 7.3 years (2014: 6.3 years).

During the year we repaid a number of our maturing bonds from existing resources including:

- COP640,000 million IPC+7.3% Ordinary Bonds on 20 May 2014;
- COP561,800 million IPC+6.52% Ordinary Bonds on 20 January 2015;
- US$300 million 4.875% Notes due 2014 on 1 October 2014;
- US$1,000 million 1.85% Notes due 2015 on 15 January 2015;
- €1,000 million 4.5% Notes due 2015 on 20 January 2015; and
- PEN150 million 6.75% Notes due 2015 on 19 March 2015.

We exercised our call option to redeem in full the US$850 million 6.5% Notes due 2016, with the early redemption completed on 8 December 2014.

Our committed undrawn borrowing facilities increased from US$3,274 million at 31 March 2014 to US$3,644 million at 31 March 2015. We have sufficient headroom to service our operating activities and ongoing capital investment. Maturing debt in the next 18 months includes US$700 million bonds due in June 2015, US$300 million bonds due in June 2016 and a number of local bank facilities. As at 31 March 2015 committed headroom including committed undrawn borrowing facilities and cash and cash equivalents was sufficient to cover all maturing facilities over the next 24 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.

Subsequent to the financial year end, the maturity dates of the US$2,500 million committed syndicated facility and the SABMiller Holdings Inc US$1,000 million committed syndicated facility were extended to May 2020.

Our credit rating from Standard and Poor's was lifted from BBB+ to A- with a stable outlook in July 2014 and in October 2014 Moody's Investors Services changed its outlook on our Baa1 rating from stable to positive.

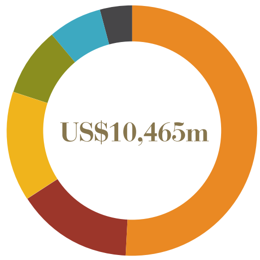
Currency, interest rate, commodity and credit risk management

We manage the risks from foreign exchange, interest rates, commodities and credit risk within a framework of policies approved by the board and reviewed regularly. Exposures are managed within target hedge levels and reported regularly to the treasury and audit committees. During the year the treasury policies were subject to review and a number of minor revisions were approved, although the overall strategic approach remains the same. Further details on the current individual risk management policies are described in note 21 to the consolidated financial statements. The impact of our key risk management policies is detailed below.

Currency risk

Our debt profile by currency at 31 March 2015 (after taking account of derivatives) is illustrated below.

Net debt profile



US dollar	51%
Other	15%
Australian dollar	14%
Euro	9%
South African rand	7%
Colombian peso	4%

Interest rate risk

The weighted average interest rate for the total gross debt portfolio at 31 March 2015 decreased to 3.5% (2014: 3.9%) primarily reflecting the repayment of some high interest rate debt during the year.

Usage of derivative instruments

Our policy only allows for the use of derivative instruments to manage the currency, commodity and interest rate risks arising from our operations and financing activities. Our policy does not allow trading in financial instruments.

Currency

The exchange rates to the US dollar used in the preparation of the consolidated financial statements are detailed in note 1 to the consolidated financial statements. All of the major currencies in which we operate depreciated against the US dollar over the year.

Accounting policies

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

In addition, note 1 to the consolidated financial statements details the areas where a high degree of judgement has been applied in the selection of a policy, an assumption or estimates used. These are broadly aligned with areas of significant judgement which have been considered by the audit committee and which are reported within the audit committee report on pages 70 to 73.

Domenic De Lorenzo
Acting Chief Financial Officer

Sustainable development

Our new sustainable development strategy, *Prosper*, is embedded in our business strategy and will enable us to secure growth that benefits us and local communities.

Our shared imperatives

	A thriving world	A sociable world	A resilient world
Shared opportunity	**We want a thriving world where incomes and quality of life are growing**	**We want a sociable world where our beers are developed, marketed, sold and consumed responsibly**	**We want a resilient world where our business, local communities and ecosystems share uninterrupted access to safe, clean water**
Shared imperative	*We will accelerate growth and social development through our value chains*	*We will endeavour to make beer the natural choice for the moderate and responsible drinker*	*We will secure shared water resources for our business and local communities*
By 2020 our target is to	**Directly support more than half a million small enterprises to enhance their business growth and family livelihoods**	**Aim to reach all of our beer consumers with effective communication campaigns, and partnerships to encourage moderate and responsible beer consumption**	**Secure the water supplies we share with local communities through partnerships to tackle shared water risks**

For a full list of our 2020 *Prosper* targets see pages 6 and 7 of our Sustainable Development Summary Report 2015.

Through our five shared imperatives (above) we aim to tackle the issues that are most material for our business at a local and international level. They give us global focus and alignment, while allowing local markets to respond to local needs. These imperatives are 'shared' because we can only tackle joint risks in partnership with those who also face them. By working together with local communities, suppliers, governments, consumers and beyond, we can develop shared opportunities to the benefit of all.

A thriving world

Our businesses throughout the world provide direct and indirect employment, pay taxes, and help to sustain and develop local economies. Last year we generated US$24,299 million of economic value through our business activities, most of which was distributed to employees, shareholders, governments and local communities.

Businesses are an engine of job creation, market development and economic growth. Yet in many communities we are part of, people – especially women – face the challenges of unemployment and lack of access to markets, skills, and sometimes basic services. The decisions we make can help shape their opportunities and enable their growth and development.

Small businesses are critical to the growth of economies, to the prosperity of communities and to the success of large businesses like SABMiller. We have direct buying or selling relationships with more than 1.5 million small enterprises. The majority are family owned, with many run by women. These businesses often face significant challenges including limited access to training, business advice, financial services and markets, and unsupportive policies and regulations. We have committed to support more than half a million small businesses in our value chain to grow and improve their livelihoods by 2020.

We will achieve our goal by:

- aligning it with our commercial strategy: by making our support for small businesses integral to the way our local commercial teams – such as sales and procurement – work, we can be more responsive to their needs;
- understanding the small businesses in our value chain, and facilitating access to essentials for their success: by enabling access to training, advice, financial services and technology, as well as new markets, so small businesses can improve their operations and financial skills as they grow; and
- collaborating with others: by joining forces with organisations that share our goals, we can deliver support more efficiently and at greater scale. For example, we have expanded our partnership with the Inter-American Development Bank in Latin America to focus on business and community leadership in six markets, and on measuring impact (read more on page 8). We are also working with CARE International to develop metrics to measure the impact of our programmes.

A fair approach to taxation

Our third Our Approach to Tax report is published alongside this Annual Report, sharing information on our tax payments and principles. We were delighted that the prior year's report was recognised in the PwC Building Public Trust Awards as winner of the 'Tax Reporting in the FTSE 100' category.

Further reports
Find out more about our sustainable development performance in our Sustainable Development Summary Report 2015 and our tax payments and principles in Our Approach to Tax report.

A clean world

We want a clean world where nothing goes to waste and emissions are dramatically lower

We will create value through reducing waste and carbon emissions

Reduce the carbon footprint per litre of beer across our value chain by 25%[1], including by 50% within our breweries, by 25% across our packaging and by 25% across our refrigeration carbon footprint

A productive world

We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices

We will support responsible, sustainable use of land for brewing crops

Ensure the sourcing of our crops measurably improves both food security and resource productivity

[1] Against a 2010 base.

The total taxes borne and collected by SABMiller plc and its subsidiaries and our share of taxes paid by our US joint venture during the year amounted to US$10,639 million (2014: US$10,750 million). These include: excise, corporate and transactional taxes, and taxes borne by employees. Of this total, 71% was paid in developing countries. The corporate tax charge for the year was US$1,273 million (2014: US$1,173 million), and our effective tax rate was 26.0% (2014: 26.0%).

A sociable world

Beer brings people together. It plays a part in celebrating memorable moments and is enjoyed in different ways by an amazing diversity of communities all around the world. However, the harmful consumption of alcohol remains an issue of significant concern – to governments, society and SABMiller. We are committed to playing our part in addressing the problem in all the countries in which we operate.

We maintain a comprehensive set of policies – publicly available – to help our employees and partners to meet our demanding standards on producing and marketing our products in a way that encourages responsible consumption. This year we updated our policy on commercial communication (POCC) to include comprehensive digital guidelines and ensure leading standards for both our digital and traditional marketing practices. We seek to establish a leadership position in digital marketing by imposing age affirmation mechanisms on all of our social media engagement.

All our companies have a sales and marketing compliance committee (SMCC), which ensures that any proposed marketing materials comply with the POCC, and with local laws and national self-regulatory requirements. The SMCC has the power to reject, or demand modifications to, any materials that fail to comply.

In the year ended 31 March 2015, 66% of our employees worldwide had participated in alcohol responsibility training within the last three years and local marketing agencies had joined training on responsible marketing practices at most of our local businesses (90%).

SABMiller is a signatory to the Beer, Wine and Spirits Producers' Commitments. These align 13 global alcohol companies behind ten commitments covering: responsible product innovation; consumer information and marketing practices; enlisting retailers' support to reduce harmful drinking; and reducing underage drinking and drink-driving through partnerships.

In the year, to improve the enforcement of legal drinking age restrictions, SABMiller undertook over 10,000 stakeholder engagements with governments, law enforcement and health professionals. We also featured responsibility messaging and a link to give consumers access to further information, such as www.talkingalcohol.com, on the packaging of more than 70% of our brands.

Read the latest progress report at
www.producerscommitments.org

We believe that sound principles for alcohol responsibility must be backed by action on the ground. In the year we ran more than 100 locally-tailored responsibility programmes across our business focused on important social issues such as road safety, responsible retail practices and preventing underage consumption of alcohol. We collaborate with local partners – governments, non-governmental organisations, civil society groups, and public bodies such as the police – as we believe that responsibility programmes run in partnership with other organisations are more robust and credible, can engage more people, and are more likely to achieve the desired change.

Mackay Awards

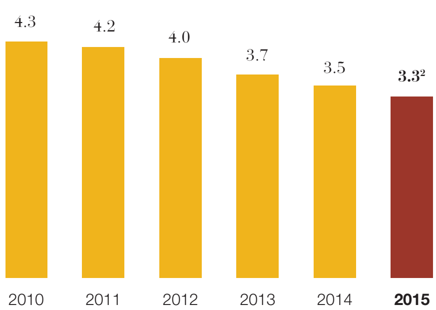
The Mackay Awards, launched in the year to honour our late Chairman Graham Mackay, celebrate and share the best *Prosper* initiatives and innovations across the business. With five award categories, aligned to our shared imperatives, entries have to demonstrate both positive social and business impact.

Partnering to tackle shared water risk

In South Africa, we have taken a lead role in the ambitious public-private Strategic Water Partners Network, which is part of the Water Resources Group (WRG). In collaboration with others, we created a platform for the government and private sector to work together to address a number of pressing water resource challenges. These include taking practical action to tackle water use efficiency and infrastructure challenges. Given the success of this approach, we funded a WRG partnership in Tanzania and are a leading WRG partner in India.

Read more at **www.sabmiller.com/keeptapsrunning**

Water to lager ratio hl water/hl lager



A resilient world

Water stress is holding back prosperity and growth. The supply of readily available fresh water is finite and in many watersheds quality is declining. Economic growth, driven largely by the middle class, combined with changing climatic conditions will mean the number of people living in river basins under severe water stress will more than double between 2000 and 2050 and reach 3.9 billion people, or 43% of the global population[1].

In 2008 we set our breweries the target of reducing water use by 25% by 2015. We surpassed this target this year, achieving an average water efficiency ratio of 3.3 hl/hl[2]. In absolute terms, we used 592[2] million hl of water to produce our lager (2014: 621 million hl).

3.3hl[2]
water to produce 1 hl lager, beating our target of 3.5 hl/hl by 2015.

Many of our breweries are in areas of water risk. Our bespoke water risk assessment process helps us to better understand the nature and extent of local water risk, giving us a detailed, watershed-level, site-by-site picture of our water exposure. Using these data our breweries are able to identify and prioritise risks and develop and implement mitigation action plans. The process is now complete in 46 breweries across 21 countries, covering 63.8%[2] of lager production volumes.

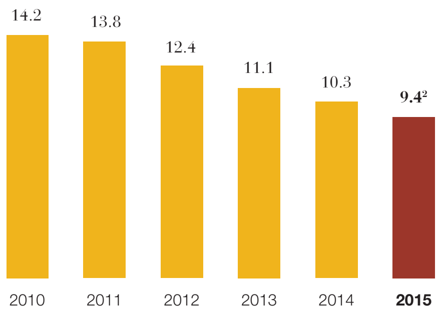
Tackling the root causes of water stress will require all sectors of society to work collaboratively and at scale. We have been investing in partnerships to secure water for our business growth and for the water users around us (see case study, top left).

A clean world

Climate change is a threat to local communities and to our business. Our own brewery emissions and the packaging and trade refrigeration of our beer all have a significant carbon footprint.

In the year ended 31 March 2015 fossil fuel emissions per hl of lager produced fell by 9%, with total CO_2e emissions of 1.7 million tonnes[2] (2014: 1.8 million tonnes), of which 0.8 million tonnes were generated from our direct use of fuels such as natural gas, coal and oil (scope one) and 0.9 million tonnes were generated indirectly from the production of electricity and steam we purchase (scope two).

CO_2e emissions from fossil fuel energy used on site kgCO_2e/hl lager



Reducing brewery emissions is the first step, but production accounts for just a fifth of our total carbon footprint. So we have added additional focus on the key stages of the value chain and set a target to reduce our total carbon footprint by 25% by 2020, including a 25% reduction in both packaging and refrigeration.

Returnable bottles and kegs are much more resource-efficient and lower-emission throughout their lifecycle than cans, PET bottles or non-returnable glass bottles. 53% of our beer was sold in returnable bottles and kegs (2014: 49%). We work with suppliers to reduce the weight and environmental impact of all packaging in the relevant market.

During the year we set a target to purchase 100% HFC-free fridges by 2020, and we introduced a new refrigeration policy that all new fridges must be equipped with energy management devices and LED lights, where available.

About 99% of spent grain from our breweries is reused by farmers for animal feed or for renewable energy, creating value as well as preventing waste from being diverted to landfill. During the year our breweries reused or recycled 89.6% of their general waste[3].

SABMiller is an 'A list' performer in the CDP's Carbon Performance Leaders Index. Read our CDP reports at **www.cdp.net**

A productive world

Today around a billion people already go hungry, and demand for food is growing. Our business depends on the same, increasingly scarce land and water resources that local communities use for food crops. Our aim is that, by 2020, the way we source measurably improves both food security and resource productivity for all the crops we buy.

We source locally where practical, though crops such as malting barley are niche and can be difficult to grow, making imports necessary in some markets.

To effectively support improvements in malting barley, our key crop, we need to look beyond our own needs to the wider farming system it forms part of. This helps us understand the role we can play in enabling farmers to reduce inputs such as nitrogen-based fertilisers, as well as outputs such as greenhouse gas emissions. Water management is critical where barley is irrigated in water-stressed areas.

While malting barley remains our largest crop, cassava, maize, rice and sorghum are increasingly important for producing affordable beers that maximise opportunities for local farmers. Creating markets for sorghum and cassava by using them as brewing materials gives small-scale subsistence farmers an incentive to increase production, so they can sell the surplus and boost their income and food security. Buying locally also enables us to save costs and support local farmers in regions unsuitable for growing malting barley.

Aligning sustainable development with business strategy

All parts of the business are responsible for *Prosper*. This year, we focused on embedding *Prosper* in the business and making it relevant for all employees. Our country managing directors used town hall meetings to launch *Prosper* in 29 markets, with external stakeholder events in 18.

Our new *Prosper* Forum ensures the resources and capability are in place to deliver our *Prosper* targets, approve policies, lead co-ordinated activities and manage potential trade-offs. It is chaired by SABMiller's General Counsel and Corporate Affairs Director and attended by regional corporate affairs directors and senior leaders from each function, such as marketing and sales, supply chain, human resources and legal.

The sustainable development (SD) way is at the heart of our approach to SD, providing a consistent framework and focusing all of our operations' efforts and resource priorities. It is supported by a suite of policies and position papers, as well as guidelines, training, and tools for building capability and sharing best practice globally. Individual operations are ultimately held accountable for their own performance, which often forms part of our senior managers' performance objectives and remuneration.

Our SD performance is measured through our bespoke management system, the Sustainability Assessment Matrix (SAM) (see case study, right) and is overseen by the group corporate accountability and risk assurance committee (CARAC), a committee of the SABMiller plc board. The CARAC is chaired by Dambisa Moyo, a non-executive director of SABMiller plc (see pages 52 and 53 for a full list of members). Each region also has its own CARAC, chaired by the regional managing director, which meets twice a year to review local SD performance and discuss emerging issues.

Transparency and ethics

We believe that high standards of ethical behaviour are fundamental to our long-term future. We adopt a zero tolerance approach to bribery and corruption and we are a signatory to the UN Global Compact, committing ourselves to universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Reflecting the priority we give to transparency, we launched in the year a new webpage providing additional information about our anti-corruption framework. This resource includes links to some of the key documents setting out our framework, including our code of business conduct and ethics and the anti-bribery policy which supplements it, and describes our range of supporting policies, procedures and guidance.

We have also reviewed our whistleblowing facilities over the course of the year, which provide all employees the opportunity to make confidential disclosures about suspected impropriety or wrongdoing.

Read more at **www.sabmiller.com/anti-corruption**

BONSUCRO®
BETTER SUGAR CANE INITIATIVE

Achieving sustainable sugarcane standards

In November Azunosa, our sugarcane farming operation in Honduras, became the first producer in Central America to achieve Bonsucro® certification, demonstrating that sustainable practices are viable for relatively smaller sugar operations in developing countries. Our experience at Azunosa places us in a strong position to engage more effectively with other suppliers. In South Africa, we are supporting the locally developed SusFarms initiative to evolve into a full system for verifying good practice.

Read more at **www.sabmiller.com/bonsucro**

Sustainability Assessment Matrix (SAM)

Our bespoke management system, the Sustainability Assessment Matrix (SAM) was updated this year to reflect *Prosper*. SAM KPIs are based on measurable outputs – such as water efficiency, carbon emissions or employee diversity – to assess performance towards our 2020 targets.

SAM also assesses operations against global core standards for each of our five shared imperatives. In certain areas new core standards represent a recalibration of our expectations in terms of overall SD performance. All our businesses are required to meet these standards which, in many countries, far exceed local regulatory requirements.

Visit our SAM portal for more detailed information on sustainability performance by country at **www.sabmiller.com/sam**

[1] OECD Global Environmental Outlook to 2050.

[2] Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35 of the Sustainable Development Summary Report 2015.

[3] During the year we changed the way we measure organic waste to measure dry-matter equivalent, which enables us to understand the actual mass of waste material that could otherwise be hidden by the moisture it absorbs during the brewing process. On a like-for-like basis, 96.0% of waste was reused or recycled (2014: 95.6%).

Valuing and empowering our people

Our success is driven by each of the 69,000 people we employ around the world.

Road safety

Middle-income countries have just half of the world's vehicles but 80% of its road traffic deaths[1]. With many of our employees on the road in these countries, we aim to minimise this risk.

As challenges vary by country, we have developed driver safety training programmes tailored to specific local risks. In Africa, a new Respect the Road driver safety campaign trained sales and distribution employees over five weeks in such themes as vehicle inspection, pedestrian awareness and driver attitude. It gave practical tips, from how to drive on gravel roads and understanding and managing blind spots to safe long-distance and bad weather driving.

Road safety is not an issue we can solve on our own. In Colombia, El Salvador, Panama and Peru we are part of Por un buen camino (For a safe journey) alliances, partnering with NGOs, government and other businesses to improve road safety data and knowledge and promote behaviour changes and effective law enforcement.

1 WHO Global status report on road safety 2013.

2 In the year we implemented new reporting guidelines, including new standards for reporting major injuries, aligned with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) guidelines.

3 13,489 women and 51,845 men as at 31 March 2015.

4 Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35 of the Sustainable Development Summary Report 2015.

5 2,708 women and 6,440 men as at 31 March 2015.

6 As at 31 March 2015, 61 women and 384 men were directors of subsidiary companies included within the consolidated financial statements.

7 Professional Boards Forum, BoardWatch 2015.

8 McKinsey & Company, Help wanted: The future of work in advanced economies, March 2012.

9 Joint venture companies, such as MillerCoors, did not take part in the survey, nor did the ABI soft drinks business in South Africa or our business in Vietnam.

Taking action on health and safety

Our aim is to reduce or eliminate risks of harm to our employees, contractors, visitors, customers, consumers and any others affected by our business.

In 2014, we launched a new system of governance for groupwide health and safety. This enabled us to standardise reporting across the group, share best practice and target improvements. In 2015 we rolled out a new global health and safety programme, Safety Around Beverages, which sets out the minimum standards to which all businesses should adhere.

It is with deep regret, however, that we report 29 employee and contractor fatalities in the year (2014: 15). Six of these resulted from accidents involving on-site maintenance or repairs, 15 followed motor vehicle accidents, and eight resulted from robberies or assaults on our staff while on sales or trade visits. We have further tightened reporting procedures to ensure that all levels of management are aware of each of these incidents. In each case we undertook an investigation and, where applicable, implemented measures to reduce the likelihood of such an incident recurring.

During the year we recorded 13,028 days lost through injury (2014: 12,395) and 490 major injuries[2]. Road traffic accidents accounted for the majority of major injuries and fatalities, and road safety was identified as a top priority worldwide (see case study, left).

Valuing diversity and equality

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

SABMiller is a signatory of the UN Global Compact and has an established 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.

We continue to support South Africa's Broad-Based Black Economic Empowerment (BBBEE) initiatives aimed at growing the economy by including and empowering previously disadvantaged citizens. More than three-quarters of The South African Breweries (Pty) Ltd (SAB) workforce is drawn from previously disadvantaged groups and 66% of its employees are black. SAB achieved 79.24 (2014: 75.25) in the last annual BBBEE verification, making it a level 3 contributor to BBBEE.

In an industry traditionally perceived as male-dominated we are committed to improving gender diversity, particularly among our leadership. Not only are women a vital source of talent in an increasingly pressured talent pool, they are also critical in ensuring our business reflects and understands the needs of female consumers – a key growth segment.

Women represent 20.6% of our global workforce[3] (2014: 19.7%) and 29.6%[4] of our executives and managers[5] (2014: 28.4%)[6]. The executive committee of nine people includes one woman. Twenty per cent of SABMiller's plc board are female – below the FTSE100 average of 23.6%[7] – although women hold three of our eight independent non-executive director posts (37.5%).

Trends vary by region. For example, our South African business has the highest ratio of women in leadership roles, while Europe has the highest business-wide gender representation but the biggest gulf between the percentage of female managers and that of female executives. We are therefore taking a regional approach to strengthening gender diversity.

Developing and retaining talent

The global workforce is predicted to change dramatically over the next 20 years. The consultancy McKinsey identifies two challenges facing global organisations – a geographical mismatch of skilled workers and job creation; and a growing pool of underused talent, driven by an ageing workforce, women not accessing the labour market and high youth unemployment[8].

We are responding in four ways:

- we continue to enhance our career support for employees, including a focus on identifying the competencies and experiences required to perform and

The next generation of African brewing innovation

The SABMiller Royal Society Exchange Programme is designed to develop Africa's brewing experts of the future. The exchange, running over three years, will enable 15 newly qualified African PhD scientists to partner with UK-based academic institutions, conducting research in areas including agriculture and crops, water and sanitation, and renewable energies.

SAB MILLER LAGER
LESBIAN AND GAY + EVERYONE RESPECTED

LAGER

People perform better when they can be themselves at work. That's why, in 2015, we launched LAGER (Lesbian and gay – everyone respected), our UK network for lesbian, gay, bisexual and transgender (LGBT) employees and their allies. SABMiller is a Stonewall Global Diversity Champion and a corporate member of OUTstanding, the leading not-for-profit group in the UK focused on advancing LGBT rights in the workplace.

Find out more at **www.sabmiller.com/lgbt**

grow in role, so it is easier to align employee and business needs. We aim to offer appropriate and continuous career development opportunities to all our employees, whether in their current role or to prepare them for a new one. Everyone is encouraged to take ownership of their own development, supported by their manager;

- through our functional academies we offer consistent training worldwide to help employees develop the specialist skills they need to do their jobs. In the year ended 31 March 2015 we provided an average of 4.6 training days for every employee (2014: 3.9 days), using a variety of techniques, from virtual, digital learning to sessions facilitated by leading educational institutions;
- in 2014 we introduced a new framework to develop leaders across all levels and regions. This aims to ensure that the talent needed to provide tomorrow's leaders is identified early and properly nurtured. By the end of 2015, 44 managing directors (MDs) will have completed a 'Leading the business' programme aimed at developing the skills and behaviours needed to operate in a changing environment. In April 2015, we also held our first MD forum, bringing together all our MDs to discuss strategic challenges; and
- we systematically manage the roles most critical to delivering our business strategy, and have a global succession pool – monitored by the group's executive committee – in place for these roles, with candidates from all regions. In the year we filled 80% of these critical roles with internal candidates.

Delivering business success through high performance

We recognise and reward strong performance. Our performance management system provides a framework for employees to set themselves stretching individual goals. These goals are linked to business objectives. Bonus payments and salary increases are linked to performance against these goals, and calculated against a combination of individual achievement and overall company performance.

Listening and engaging with employees

Our employees play a crucial role in our success. We respect the right to union representation and 42.8% of employees are union members (2014: 40.9%). Many of our businesses have developed productive partnerships with trade unions on collective bargaining and other issues.

We regularly solicit employees' views and listen to their ideas and in 2014 we conducted our first global employee opinion survey.

40,000+
colleagues took part in our first global employee opinion survey[9]

About 80% of respondents said they believe strongly in our strategic direction, are proud to work at SABMiller and are willing to go the extra mile to help the company succeed. Almost 90% said that they 'clearly understand the goals of their job' and that they 'collaborate well within their teams'. However, only 64% of employees believe they 'receive appropriate recognition for a job well done'. We are implementing initiatives across the business to improve how we show our appreciation for the hard work of our people.

Read about the launch of our new Mackay Awards on page 47.

Responsible procurement

Through our procurement organisation, we have made the commitment to work only with suppliers that share our values. This commitment and our minimum requirements are explained in our supplier code of conduct. The code, which applies to all our suppliers, was updated this year to include respect for land rights.

We are members of the Supplier Ethical Data Exchange (SEDEX), and AIM-PROGRESS, a forum of leading consumer goods companies that aims to enable and promote responsible sourcing practices and sustainable supply chains. A total of 976 suppliers are now registered with SEDEX, a 32% year-on-year increase. SABMiller leads the AIM-PROGRESS Mutual Recognition workstream, which seeks to reduce duplication in supplier assessments. Through this workstream, in the year we collected 276 ethical audits on our key suppliers and directly commissioned 118 audits.

By working with our suppliers on reducing areas of non-compliance, we have helped 131 of them to improve working conditions on their sites and meet the standards required in our supplier code of conduct. Under our supplier accreditation programme, key global suppliers have also signed up to the key provisions of our anti-bribery policy and provided insights into their efforts to eliminate bribery and corruption from their supply chains.

Board of directors

1. John Manser – Chairman

Appointed to the board: 1 June 2001

John will be stepping down from the board at the conclusion of the 2015 annual general meeting.

Skills and experience: John was appointed as Chairman in December 2013, having been a non-executive director since 2001. He has a comprehensive understanding of the SABMiller group and of the global beverage industry. He also has an extensive knowledge of the banking and financial services industries and is an experienced chairman, having previously chaired the boards of a number of listed companies.

Current appointments: He is the chairman of Hannam and Partners and the deputy chairman of Marlborough College Council.

Previous appointments: Previously the chairman of Intermediate Capital Group plc, Shaftesbury PLC and deputy chairman of Colliers CRE plc, he has also held a number of directorships in the financial services industry including chairman of Robert Fleming Holdings. He is a former member of the President's Committee of the British Banking Association, a director of the Securities and Investments Board and is a past chairman of the London Investment Banking Association.

Member of: Corporate accountability and risk assurance committee

Nomination committee (Chairman)

2. Alan Clark – Chief Executive

Appointed to the board: 26 July 2012

Skills and experience: Alan has an extensive knowledge of the global beverage industry, having held a number of management roles with the group, both in beer and soft drinks. He became Managing Director, SABMiller Europe, in 2003 and was appointed as an executive director and Chief Operating Officer of SABMiller plc in 2012, before becoming Chief Executive in April 2013.

Current appointments: He does not have any external appointments.

Member of: Corporate accountability and risk assurance committee

Executive committee

3. Jan du Plessis – Independent Non-Executive Director and Chairman Designate

Appointed to the board: 1 September 2014

Jan will become Chairman on 23 July 2015, replacing John Manser who is stepping down at the conclusion of the 2015 annual general meeting.

Skills and experience: Jan has an excellent record as a chairman of major international groups with developing market footprints and a wealth of experience of international consumer businesses.

Current appointments: He is chairman of Rio Tinto plc and Rio Tinto Limited.

Previous appointments: In his earlier career he was Group Finance Director of Compagnie Financière Richemont, the Swiss luxury goods group. He has also served as a non-executive director and subsequently chairman of British American Tobacco plc, as a non-executive director and chairman of the audit committee of Lloyds Banking Group plc and as a non-executive director and senior independent director of Marks and Spencer Group plc.

Member of: Nomination committee

4. Guy Elliott – Deputy Chairman and Senior Independent Director

Appointed to the board: 1 July 2013

Skills and experience: Guy has extensive experience of operating in both developed and developing markets, having previously held a variety of finance, marketing, strategy and general management positions throughout his career.

Current appointments: He is a non-executive director of Royal Dutch Shell plc and chairman of its audit committee. He is a member of the UK Takeover Panel and chairman of the Panel's Code Committee.

Previous appointments: He was the Chief Financial Officer of Rio Tinto plc and Rio Tinto Limited and the senior independent director of Cadbury plc.

Member of: Audit committee

Remuneration committee

Nomination committee

5. Mark Armour – Independent Non-Executive Director

Appointed to the board: 1 May 2010

Skills and experience: Mark brings strategic and financial expertise to the board and has significant experience of managing an international group.

Current appointments: He is a non-executive director of Tesco plc, and a director of the Financial Reporting Council, the UK's independent regulator responsible for promoting high quality corporate governance.

Previous appointments: He was previously Chief Financial Officer of Reed Elsevier (now RELX). Prior to joining Reed Elsevier in 1995 he was a partner of Price Waterhouse in London.

Member of: Audit committee (Chairman)
Remuneration committee

6. Geoffrey Bible – Non-Executive Director

Appointed to the board: 1 August 2002

Skills and experience: Geoff has held senior roles in a number of multinational companies and has a wealth of experience of global consumer products businesses.

Current appointments: He is a nominee of Altria Group, Inc. (Altria), and was appointed to the board following completion of the Miller Brewing Company transaction. He is also a member of the advisory board of Metalmark Capital LLC.

Previous appointments: He is the former chairman and CEO of the Philip Morris group of companies, the former chairman of Altria and Kraft Foods Inc. and a past non-executive director of News Corporation Ltd.

Member of: Nomination committee

Corporate accountability and risk assurance committee

7. Dinyar Devitre – Non-Executive Director

Appointed to the board: 16 May 2007

Skills and experience: Dinny brings both financial expertise and strategic counsel to the group. He has extensive experience of managing global fast-moving consumer goods corporations.

Current appointments: A nominee of Altria, he is a member of the board of Altria, a special adviser at General Atlantic LLC, and a director and chairman of the audit committee of Markit Group Ltd. He is also the Executive Chairman of Pratham USA, serves as a trustee of the Brooklyn Academy of Music and is a trustee emeritus of the Asia Society.

Previous appointments: His career with the Altria group of companies spans a 35 year period in which he served in a variety of senior positions. Before his retirement in 2008, he served as the Senior Vice President and Chief Financial Officer of Altria. He was also a director and chairman of the Corporate Governance and Public Policy Committee at Western Union Company.

Member of: Audit committee

8. Lesley Knox – Independent Non-Executive Director

Appointed to the board: 19 May 2011

Skills and experience: Lesley brings a wealth of strategic and financial experience across a range of businesses and is an experienced remuneration committee chairman. She qualified as a solicitor in the UK and as an attorney in the USA.

Current appointments: She is a non-executive director of Centrica plc where she chairs the remuneration committee and is a trustee of the Grosvenor Estates and chairman of Grosvenor Group Limited. She is involved with a number of arts and charitable organisations.

Previous appointments: She was previously with British Linen Bank, becoming governor in 1999 and was subsequently a founder director of

British Linen Advisers. She was chairman of Alliance Trust plc, senior non-executive director of Hays Plc and spent 15 years with Kleinwort Benson, first in corporate finance and then as chief executive of the institutional asset management business.
Member of: Audit committee
Remuneration committee (Chairman)

9. Trevor Manuel – Independent Non-Executive Director
Appointed to the board: 1 March 2015
Skills and experience: Trevor is a former minister in the South African Government. He brings a wealth of experience in advising multilateral organisations on emerging market development and sustainability.
Current appointments: He is Deputy Chairman of Rothschild South Africa, serves on the International Advisory Board of the Rothschild Group and is a director of Swiss Re AG.
Previous appointments: He was a minister in the South African Government for more than 20 years, 13 of which he served as Finance Minister. During his ministerial career he assumed a number of ex officio positions at international bodies, including the United Nations Commission for Trade and Development (UNCTAD), the World Bank, the International Monetary Fund, the G20, the African Development Bank and the Southern African Development Community.

10. John Manzoni – Independent Non-Executive Director
Appointed to the board: 1 August 2004
John will be stepping down from the board at the conclusion of the 2015 annual general meeting.
Skills and experience: John has extensive experience of leading global operations and delivering complex challenging projects. In his 24 years at BP, he contributed to the company's global growth and held senior strategic and operational leadership roles at global, regional and local level.
Current appointments: He is Chief Executive of the Civil Service in the UK.
Previous appointments: Before his current appointment in the Civil Service, he was Chief Executive of the Major Projects Authority (a partnership between the Cabinet Office and HM Treasury). He was previously the chairman of Leyshon Energy Ltd, President and Chief Executive Officer of Talisman Energy Inc., an executive director at BP plc and a member of the Accenture Energy Advisory Board.
Member of: Corporate accountability and risk assurance committee
Remuneration committee
Nomination committee

11. Dambisa Moyo – Independent Non-Executive Director
Appointed to the board: 1 June 2009
Skills and experience: Dambisa is a global economist and commentator on the macro-economy and global affairs. She has wide-ranging expertise in economic and business trends on the African continent, with a particular focus on socially responsible business.
Current appointments: She is a non-executive director of Barclays PLC and Barrick Gold Corporation.
Previous appointments: She was an economist at Goldman Sachs, where she worked for nearly a decade, and was a consultant to the World Bank in Washington, D.C.
Member of: Corporate accountability and risk assurance committee (Chairman)

12. Carlos Pérez Dávila – Non-Executive Director
Appointed to the board:
9 November 2005
Skills and experience: Carlos has extensive experience of the global beverage industry and of operating in the Latin America region.
Current appointments: He is a nominee of the Santo Domingo Group and was appointed to the board following completion of the Bavaria transaction. He is 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.
Previous appointments: He began his career in investment banking at Goldman, Sachs & Company, subsequently working for SG Warburg & Co., where he served as the Director of Overseas Advisory Division and Violy, Byorum & Partners, where he was Senior Managing Director.

13. Alejandro Santo Domingo Dávila – Non-Executive Director
Appointed to the board:
9 November 2005
Skills and experience: Alejandro has a deep knowledge of the global beverage industry and of the Latin America region.
Current appointments: He is a nominee of the Santo Domingo Group, appointed to the board following completion of the Bavaria transaction. He is Managing Director at Quadrant Capital Advisors, Inc., and serves on the boards of Valorem S.A., Comunican S.A., Caracol Television S.A., Millicom International Cellular S.A. and D.E Master Blenders B.V. 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.
Previous appointments: He was employed at Violy, Byorum & Partners, Investment Bankers where he was focused on mergers and acquisitions in telecommunications, media and consumer goods.
Member of: Nomination committee

14. Helen Weir – Independent Non-Executive Director
Appointed to the board: 19 May 2011
Skills and experience: Helen has extensive financial and retail expertise, with senior management experience in a number of UK and international companies.
Current appointments: She is the Chief Finance Officer of Marks and Spencer Group plc, a trustee of Marie Curie and an independent non-executive director of the Rugby Football Union, the national body for rugby in England.
Previous appointments: She was Group Finance Director of the John Lewis Partnership and has previously held a number of senior positions at the Lloyds Banking Group and Kingfisher plc. She is also a former member of the Accounting Standards Board. She spent her early career at Unilever and McKinsey & Co.
Member of: Audit committee
Nomination committee
Corporate accountability and risk assurance committee

15. Howard Willard – Non-Executive Director
Appointed to the board: 1 August 2009
Howard will be stepping down from the board at the conclusion of the 2015 annual general meeting.
Skills and experience: Howard has considerable global business experience and an extensive knowledge of the fast-moving consumer goods industry.
Current appointments: He is a nominee of Altria, becoming their Chief Operating Officer in 2015. He serves on the Executive Advisory Council for the Robins School of Business at the University of Richmond.
Previous appointments: He has held a number of senior roles throughout the Altria family. Prior to his current role he was the Executive Vice President and Chief Financial Officer of Altria. Before joining Altria, Howard worked at Bain & Company and Salomon Brothers Inc.

16. Stephen Shapiro – Group Company Secretary and Deputy General Counsel
Appointed as Group Company Secretary: 1 November 2014
Stephen joined SABMiller in 2002 and was appointed Group Company Secretary in November 2014. He is Chairman of the International Chamber of Commerce UK Expert Committee on Anti-Corruption. He is also Deputy General Counsel, with responsibility for managing the internal commercial legal function, managing material legal risk, and developing group policy in key areas.

Governance

Executive committee

The executive committee (excom) is appointed by the Chief Executive after consultation with the board. 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 management 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. Mark Bowman – Managing Director, SABMiller Africa

Appointed to the executive committee:
1 October 2007

Mark was appointed Managing Director of SABMiller Africa in 2007 and has been instrumental in developing SABMiller's beer and soft drinks operations on the African continent since then. Following the consolidation of SABMiller's South Africa beverage business and Africa division into one region for management purposes, he became Managing Director of the enlarged SABMiller Africa region on 1 July 2014.

He joined The South African Breweries Limited (SAB Ltd) in 1993 and has held various senior positions in the group including Managing Director of Kompania Piwowarska S.A., Managing Director of ABI (the soft drinks division of SAB Ltd) and Chairman of Appletiser.

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

2. Alan Clark – Chief Executive

Appointed to the executive committee:
1 October 2000

Alan's biography can be found on page 52.

3. Sue Clark – Managing Director, SABMiller Europe

Appointed to the executive committee:
10 February 2003

Sue was appointed Managing Director, SABMiller Europe in June 2012. She joined SABMiller in 2003 as Corporate Affairs Director. Before this, she held a number of senior roles in UK companies, including that of Director of Corporate Affairs for Railtrack Group and Scottish Power plc.

4. John Davidson – General Counsel and Corporate Affairs Director, SABMiller plc

Appointed to the executive committee:
1 August 2006

John joined the group as General Counsel and Group Company Secretary in 2006. In November 2014 he assumed responsibility for regulatory affairs, communications and sustainable development, and is now General Counsel and Corporate Affairs Director. Before joining SABMiller, he spent his entire legal career at Lovells, a leading international law firm, where he was a partner from 1991, specialising in international corporate finance, cross border mergers and acquisitions, and corporate governance advisory work. He was the Chairman of the GC100 group (the association of general counsel and company secretaries of companies in the FTSE 100) for 2010 and 2011.

5. Domenic De Lorenzo – Director of Group Strategy and Acting Chief Financial Officer, SABMiller plc

Appointed to the executive committee:
1 July 2011

Domenic was appointed Director of Group Strategy in 2014 and Acting Chief Financial Officer in February 2015. He is a Chartered Accountant (SA), completing his articles at Arthur Young, and joined SABMiller's corporate finance team in 1996 from UAL Investment Bank in South Africa. He has held a number of senior positions in the group, including that of Director, Corporate Finance and Development for Europe and the Americas, Director of the global corporate finance and development team, and Director, Group Strategy & Corporate Development.

6. Nick Fell – Marketing Director, SABMiller plc

Appointed to the executive committee:
1 August 2006

Nick was appointed Marketing Director, SABMiller plc in 2006. He has extensive experience in developing global commercial strategy and previously held senior roles in Cadbury Schweppes Plc and Diageo plc.

7. Tony van Kralingen – Director: Integrated Supply & Human Resources, SABMiller plc

Appointed to the executive committee:
1 February 2003

Tony was appointed Director: Integrated Supply & Human Resources, SABMiller plc in October 2008. He joined The South African Breweries Limited (SAB Ltd) in 1982 and has held a number of senior positions in the group, including that of Chairman and Chief Executive Officer, Plzenský Prazdroj a.s. and, most recently, Chairman and Managing Director: SAB Ltd. He is accountable for group procurement, technical, planning, distribution and R&D, and human resources.

Tony intends to retire at the end of December 2015.

8. Karl Lippert – President, SABMiller Latin America

Appointed to the executive committee:
1 January 2011

Karl was appointed President, SABMiller Latin America in 2011. He joined the group in 1992 and has extensive experience in the global brewing industry. He has held a number of senior positions in the group including that of President of Bavaria S.A. and Managing Director of Kompania Piwowarska S.A.

9. Ari Mervis – Managing Director, SABMiller Asia Pacific and Chief Executive Officer, Carlton & United Breweries

Appointed to the executive committee:
1 October 2007

Ari was appointed Managing Director, Asia Pacific and Chief Executive Officer of Carlton & United Breweries in 2011. He joined ABI, the soft drinks division of The South African Breweries Limited (SAB Ltd), in 1989 and has held various senior positions in sales, marketing, finance and general management. He has held the position of Managing Director, SABMiller Asia, Managing Director of Appletiser and 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.

Corporate governance

John Manser
Chairman

Our board follows the main recommendations of the Code in terms of the responsibilities of the key committees – the nomination committee, the audit committee and the remuneration committee. However, governance is about much more than the board and its committees. Executive management, and indeed all our employees, have a part to play in setting and complying with our policies and ethical standards.”

Dear Shareholder

This report describes how our board applies the UK Corporate Governance Code (the Code) and its general approach to corporate governance. I believe the purpose of governance is to facilitate effective, entrepreneurial and prudent management to deliver the long-term success of the company. The role of the board is to oversee the governance of the company, setting strategy, providing leadership, supervising management and reporting to shareholders on stewardship.

In some ways, this has been a year of transition for the board, following a number of membership changes, with the expected election of new directors at the annual general meeting and recruiting a new chief financial officer. I am confident that with Jan du Plessis assuming his role as my successor it will be a smooth and successful transition.

Looking back on my time as Chairman, I am delighted to say that the board has functioned effectively, with members working well together, and providing appropriate challenge and support to management. The year's board evaluation, carried out by our Deputy Chairman Guy Elliott and our Group Company Secretary, supported such impressions. However, as discussed below, it also showed we should think further about senior executive succession planning and talent development, and should ensure that the board makes enough time to focus on crucial issues. As noted below, it also suggested that we review the terms of reference of the corporate accountability and risk assurance committee (CARAC).

Our full board membership is set out in this report. In summary, movements to and from the board this year were the retirement of Miles Morland on 24 July 2014, the resignation of Jamie Wilson as Chief Financial Officer with effect from 18 February 2015, and the appointment of Jan du Plessis on 1 September 2014 and of Trevor Manuel on 1 March 2015. Javier Ferrán and Dave Beran will be standing for election at the annual general meeting on 23 July 2015, on which date John Manzoni, Howard Willard and I will retire. Board and management succession has been an important focus during the year, and the board is very conscious that ensuring high quality managers and directors lead the company into the future is one of our most important functions.

Our board follows the main recommendations of the Code in terms of the responsibilities of the key committees – the nomination committee, the audit committee and the remuneration committee. However, governance is about much more than the board and its committees. Executive management, and indeed all our employees, have a part to play in setting and complying with our policies and ethical standards. Our audit committee has particular oversight of our anti-bribery and whistleblowing policies and their implementation, and the CARAC has overseen the launch of Prosper, our new sustainable development ambition. In 2014 the Code was revised with notable changes including an increased focus on how risk is governed, managed and described, with new provisions on the robust assessment of solvency and liquidity, continuing monitoring of systems, and a statement on business viability. We will be mindful of these as we review our systems and processes to ensure that we are in a good position to report in compliance with this enhanced disclosure in next year's annual report.

John Manser
Chairman

Leadership

Board of directors

We currently have 15 directors: our Chairman (John Manser); eight independent non-executive directors; five non-executive directors whom we do not consider to be independent; and one executive director (Alan Clark, the Chief Executive). The independent non-executive directors include Jan du Plessis, who is our chairman designate, and Guy Elliott, who is our Deputy Chairman and Senior Independent Director. Short biographies of each of the directors are on pages 52 and 53. After Jamie Wilson stood down as an executive director and Chief Financial Officer, Domenic De Lorenzo was appointed as Acting Chief Financial Officer. Domenic De Lorenzo, whose biography can be found on page 55, is a member of our executive committee. As described in the nomination committee report, a process has been initiated to appoint a permanent Chief Financial Officer.

John Manser, who has been a director since 2001 and delayed his proposed retirement to chair the board and provide stability following the untimely death of Graham Mackay, will step down as Chairman at the conclusion of the 2015 annual general meeting. He will be replaced by Jan du Plessis who has a strong track record as a chairman of international groups (Rio Tinto and BAT). There were no significant changes to the Chairman's external commitments during the year. In light of his impending appointment as our chairman, this year Jan du Plessis stood down as a non-executive director of Marks and Spencer Group plc.

Guy Elliott succeeded John Manser as the Deputy Chairman and Senior Independent Director on 18 December 2013 when John was appointed as Chairman. Guy is a highly experienced business leader who is well placed to influence the governance of the company and to meet the responsibilities of his roles.

At this year's annual general meeting we will also see the retirement of John Manzoni. John joined the board in 2004 and has contributed considerable insight to the deliberations of the board, the remuneration committee, the nomination committee, and the CARAC. In addition, as announced in May 2015, Altria has nominated Dave Beran for appointment to the board, to succeed Howard Willard who retires following the 2015 annual general meeting. Dave brings considerable global business experience to the board. Howard leaves with our gratitude for his valued contributions to the board over the last six years.

Our governance framework

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 our two largest shareholders, Altria Group, Inc. and BevCo Ltd (a holding company of the Santo Domingo Group). Both agreements 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 (including the chairman) are to be non-executive directors nominated by the board. Our agreement with BevCo allows it to nominate up to two non-executive directors for appointment to the board.

Altria and BevCo have each exercised their right under their respective agreements to nominate one director for appointment to the nomination committee, being Geoff Bible and Alejandro 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 Geoff Bible) but BevCo has not. Altria has also exercised its right to nominate one director (Dinyar Devitre) for appointment to the audit committee.

Board of directors[1]

Chairman
Responsible for leadership of the board and presiding over its meetings

Chief Executive
Responsible for the day to day management of the business in accordance with the strategy approved by the board

Chief Financial Officer
Responsible for managing all aspects of the finance function, providing strategic input to the board and executive committee, and supporting the Chief Executive in the delivery of the group's strategy

Seven independent non-executive directors

Five non-independent non-executive directors
nominated by our two major shareholders

Board Committees

Remuneration committee

Members: Three independent non-executive directors

Role: Determines the reward strategy for the executive directors and senior management, to align their interests with those of the shareholders

Audit committee

Members: Four independent non-executive directors and one non-executive director nominated by Altria

Role: Assists the board in fulfilling its oversight responsibilities regarding in particular the company's financial and corporate reporting, risk management and internal controls, and the independence and effectiveness of the external auditors

Nomination committee

Members: The Chairman and four non-executive directors (two independent and one each nominated by Altria and BevCo respectively)

Role: Ensures the board and senior management team have the appropriate skills, knowledge and experience to operate effectively and to deliver the group's strategy

Corporate accountability and risk assurance committee

Members: The Chairman, Chief Executive, Chief Financial Officer and three non-executive directors

Role: Assists the board in the discharge of its responsibilities in relation to corporate accountability, including sustainable development, corporate social responsibility and corporate social investment

Disclosure committee

Members: The Chairman, Deputy Chairman, Chief Executive, Chief Financial Officer, one other non-executive director and the General Counsel, and the Group Company Secretary

Role: Ensures compliance with the Disclosure and Transparency Rules and the Listing Rules

Management committee

Executive committee

Members: Chief Executive, Chief Financial Officer, four regional managing directors and four directors of key group functions

Role: Assists the Chief Executive with the development and implementation of the group's strategy, the management of the business and the discharge of responsibilities delegated by the board

[1] Numbers of directors shown are after the changes planned at the 2015 annual general meeting. The Chief Financial Officer role is currently vacant. Domenic De Lorenzo is Acting Chief Financial Officer.

Our application of the UK Corporate Governance Code

The board applied all of the main principles and provisions of the Code throughout the year ended 31 March 2015, except in the following respects:

1. The Code recommends that at least half the board, excluding the Chairman, should comprise non-executive directors determined by the board to be independent. This recommendation was not met during the period between the planned retirement of Miles Morland at the conclusion of the 2014 annual general meeting, held on 24 July 2014, and the appointment of Jan du Plessis on 1 September 2014. However, during this period the board was not scheduled to meet and no meetings took place.

2. Our audit committee did not consist solely of independent directors. Under our relationship agreement with Altria, as approved by shareholders in 2002 and in 2005, Altria has the right to nominate a director to the audit committee, and has nominated Dinyar Devitre, who 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. Dinyar Devitre is a former Chief Financial Officer of Altria and the board considers that his experience and background in financial matters and his independence from management mean that the effectiveness of our audit committee in discharging its functions is considerably enhanced and not compromised by his membership.

3. The Code recommends that the performance evaluation of the boards of FTSE 350 companies should be externally facilitated at least every three years. In respect of the year under review, given the temporary nature of John Manser's appointment as Chairman, the board concluded that rather than carry out such a review towards the end of John Manser's tenure it would be more beneficial to conduct an externally facilitated performance evaluation early in the tenure of the new chairman, Jan du Plessis. As described in the Chairman's statement, and detailed later in this report, the board did carry out a formal and rigorous evaluation of the performance and effectiveness of the board, its principal committees, its individual directors and the Group Company Secretary. The board intends to conduct an external evaluation during the current financial year.

4. The Code was amended for financial years beginning on or after 1 October 2012 to provide that external audit contracts should be put out to tender at least every 10 years. The company has not tendered its external audit contract within the last 10 years. Since 2012, developing UK market practice has been to conduct an audit tender to coincide with rotation of the lead audit engagement partner. Richard Hughes, the lead audit engagement partner from PwC, our current external auditors, is scheduled to rotate at the conclusion of the audit for the year ending 31 March 2016. However in light of the process underway to appoint a new Chief Financial Officer we have determined that an audit tender should be undertaken during the 2016 calendar year for the start of the financial year ending 31 March 2018 to allow time for a new Chief Financial Officer to be appointed and to become established.

Board meetings and attendance

Board and committee meetings are held in an atmosphere of direct, robust and constructive challenge and debate among board and committee members. During the year we held eight board meetings. Individual directors' attendance at board and committee meetings and at the annual general meeting is set out in the table below.

In the few instances when directors could not attend a board or committee meeting, any comments which they had on the matters to be considered were given in advance to the chairman of the meeting, to the General Counsel, or to the Group Company Secretary.

Directors' attendance (1 April 2014 to 31 March 2015)

		Board		Audit		Remuneration		Nomination		CARAC		
	Independent	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended AGM
P J Manser	N/A	8	8					4	4	1	1	Y
A J Clark	N/A	8	8							1	1	Y
J S Wilson	N/A	6	6							1	1	Y
M H Armour	Yes	8	8	4	4	3	3					Y
G C Bible	No	8	8					4	4	1	1	Y
D S Devitre	No	8	8	4	4							Y
J P du Plessis	Yes	6	6					2	2			N/A
G R Elliott	Yes	8	8	3	4	2	3	4	4			Y
L M S Knox	Yes	7	8	3	4	3	3					Y
T A Manuel	Yes	2	2									N/A
J A Manzoni	Yes	7	8			3	3	3	4	1	1	Y
M Q Morland	Yes	2	2	1	1			2	2			Y
D F Moyo	Yes	8	8							1	1	Y
C A Pérez Dávila	No	7	8									Y
A Santo Domingo Dávila	No	8	8					4	4			Y
H A Weir	Yes	7	8	3	4			4	4	1	1	Y
H A Willard	No	8	8									Y

- Guy Elliott was unable to attend the remuneration and audit committee meetings in May 2014 due to a long-standing commitment which pre-dated his appointment to the committee.
- Helen Weir was unable to attend the board and audit committee meetings in September 2014 as the timing coincided with the release and presentation of her employer's financial results.
- John Manzoni, Carlos Pérez and Lesley Knox were unable to attend the board meeting in October 2014, which was called at short notice to consider the creation of Coca-Cola Beverages Africa.
- Lesley Knox was unable to attend the audit committee meeting in March 2015 due to a pre-existing business commitment.
- John Manzoni was unable to attend the nomination committee meeting in March 2015 due to a pre-existing business commitment.

Presentations to the SABMiller plc board

May 2014

Topic: The refreshed corporate affairs strategy, the reputation of SABMiller and an update on licence to trade issues

Presenter: Corporate Affairs Director, SABMiller plc

Location: London, United Kingdom

Topic: The challenges and opportunities in South Africa including the proposed transaction to form Coca-Cola Beverages Africa

Presenters: Chairman, SABMiller Beverages South Africa and the Managing Directors of Beer South Africa and Amalgamated Beverage Industries

Location: London, United Kingdom

July 2014

Topic: Shareholder and institutional investor engagement in relation to the annual general meeting

Presenter: General Counsel and Group Company Secretary

Location: London, United Kingdom

Topic: The launch of the Mackay Awards, presented within the SABMiller group for programmes aligned to our five Prosper shared imperatives which have delivered positive returns for our businesses and local communities

Presenter: Chief Executive

Location: London, United Kingdom

September 2014

Topic: Market overview and business performance in China

Presenters: Managing Director, SABMiller Asia Pacific and the General Manager of China Resources Snow Breweries

Location: Chengdu, Sichuan Province, China

Topic: Chief Executive's review of senior executive succession

Presenter: Chief Executive

Location: Chengdu, Sichuan Province, China

The work of the board

The board brings leadership to the group and sets strategic objectives, 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 determined by the board. The board monitors achievement against objectives and compliance with policies by holding management accountable for its activities through monthly and quarterly performance reporting and budget updates. The board receives regular briefings from the Chief Executive, the Acting Chief Financial Officer, the General Counsel and Corporate Affairs Director, and from the Group Company Secretary on legal, regulatory and corporate governance matters. Other members of our executive committee (regional managing directors and directors of key group functions) make regular presentations to the board, enabling directors to explore and interrogate specific issues and developments in greater detail. The board also schedules visits to our regions, normally holding two meetings a year outside the UK, allowing directors the opportunity to meet in-country management. A number of the presentations made by management during the year are shown in the table below. At the end of each board meeting, the non-executive directors meet without management present.

Matters reserved for the board

There is a schedule of matters that 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, significant changes to the group's management and control structure, material investments or disposals, risk management strategy, sustainability and environmental policies, and treasury policies.

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 all board committee meetings are circulated to all board members.

The membership and work of these committees are described on the following pages. From time to time other ad hoc committees may be constituted for specific projects or tasks.

Conflicts of interest

Our directors are required to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or 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 2015.

October 2014

Topic: The Coca-Cola Beverages Africa transaction

Presenters: Managing Director, SABMiller Africa and the Director of Group Strategy, SABMiller plc

Location: London, United Kingdom

November 2014

Topic: One Africa – covering key priorities and opportunities, other focus areas and outlook for the year

Presenter: Managing Director, SABMiller Africa

Location: London, United Kingdom

Topic: The progress of the business cost and efficiency programme and a review of the CUB acquisition

Presenter: Chief Financial Officer

Location: London, United Kingdom

January 2015

Topic: Presentations covering key matters in the Latin America region

Presenters: President, SABMiller Latin America and regional and local management

Location: Lima, Peru

Topic: Global brands performance, challenges and opportunities

Presenter: Director: Global Brands

Location: Lima, Peru

Topic: The development of our end-to-end supply chain

Presenter: Director: Integrated Supply & Human Resources

Location: Lima, Peru

March 2015

Topic: As part of the board's annual dedicated strategy meeting members received presentations on strategic choices

Presenters: Chief Executive, Director of Group Strategy and Acting Chief Financial Officer, and General Counsel

Location: London, United Kingdom

Roles and responsibilities

Roles of the Chairman, Chief Executive, Deputy Chairman and Senior Independent Director
The Chairman and Chief Executive have separate roles and the division of responsibilities between them is set out in a written statement of responsibilities approved by the board.

The Senior Independent Director serves as an additional contact point for shareholders. He 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 the Chairman, the executive directors or other members of the management team. The statement of responsibilities of the Deputy Chairman and Senior Independent Director was last revised following Guy Elliott's appointment and was approved by the board at its meeting in March 2014.

Our Chairman and Deputy Chairman are both available to consult with shareholders throughout the year. The board is kept informed of the views of shareholders through regular updates from the Chairman, the Deputy Chairman, the General Counsel and Corporate Affairs Director, and the Group Company Secretary, as well as through regular circulation to the board and the inclusion in the board papers of reports on comments from, and exchanges with, shareholders, investor bodies and analysts.

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. They bring independent judgement and constructive challenge to the boardroom and contribute to the formulation of strategy, policy and decision-making through their collective wealth of knowledge and experience of other businesses and sectors.

The Group Company Secretary
The Group Company Secretary acts as secretary to the board and its committees and attended all meetings during the year under review. The current Group Company Secretary, Stephen Shapiro, was appointed on 1 November 2014, succeeding John Davidson who stepped down from the role following the assumption of his additional corporate affairs responsibilities, but who still attends all board and committee meetings as General Counsel.

The board's committees and the executive committee
The board currently operates six committees.

The composition of the audit, disclosure and executive committees is set out below.

The composition and work of the nomination, remuneration and the corporate accountability and risk assurance committees are included on pages 63 and 64.

The audit committee
During the year under review the audit committee was chaired by Mark Armour, who first joined the committee on 1 May 2010 and has been its chairman since 6 June 2013. Mark Armour is a qualified accountant and, as the former chief financial officer of Reed Elsevier, has recent and relevant financial experience. He was a partner of Price Waterhouse until 1995, and is currently a non-executive director of Tesco plc, and a member of its audit committee, and a director of the Financial Reporting Council.

Dinyar Devitre, Guy Elliott, Lesley Knox and Helen Weir also served on the committee throughout the year. Dinyar Devitre has been a member of the committee since 16 May 2007, Guy Elliott since 25 July 2013 and Lesley Knox and Helen Weir since 19 May 2011. The board is satisfied that the Chairman, Dinyar Devitre, Guy Elliott, Lesley Knox and Helen Weir have recent and relevant financial experience. Miles Morland served on the committee until his retirement at the conclusion of the annual general meeting on 24 July 2014.

Biographical information concerning Mark Armour and members of the committee is set out on pages 52 and 53.

Further details of the work and responsibilities of the audit committee are included in the audit committee report on pages 70 to 73.

The disclosure committee
The disclosure committee consists of the Chairman, the Deputy Chairman, the Chief Executive, the Chief Financial Officer, any one other non-executive director, the General Counsel and Corporate Affairs Director, and the Group Company Secretary. The function of the disclosure committee, in accordance with our inside information policy, is to meet as and when required to ensure compliance with the company's obligations to disclose inside information under the UK's Disclosure and Transparency Rules and the Listing Rules, as guided by the General Counsel and by the Group Company Secretary. It also aims to ensure that the routes of communication between executive committee members, the disclosure committee, the Group Company Secretary's office and investor relations are clear, and can enable any decision regarding potential inside information to be escalated rapidly to the disclosure committee, key advisers and the board.

The executive committee
The board delegates responsibility for proposing and implementing the group's strategy and for managing the group to the Chief Executive, Alan Clark, who is supported by the executive committee (excom), which he chairs. Excom members are appointed by Alan Clark, after consultation with the board. The other members of excom are the Chief Financial Officer, regional managing directors and directors of key group functions (corporate finance and strategy, legal and corporate affairs, marketing, and integrated supply 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, it 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 reviews the risk management processes put in place by excom and the board reviews the group's significant risks, following excom's review of those risks.

The nomination committee report

John Manser
Chairman of the nomination committee

During the year the nomination committee was chaired by John Manser, with Geoff Bible, Guy Elliott, John Manzoni, Alejandro Santo Domingo and Helen Weir being members throughout the year. Miles Morland served on the committee until his retirement on 24 July 2014. Jan du Plessis joined the committee on his appointment as a director on 1 September 2014. John Manser and John Manzoni will step down from the committee on their retirement on 23 July 2015, after which Jan du Plessis will become chairman.

The committee considers the composition of the board and its committees, and 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 to ensure orderly succession.

The committee considers diversity in terms of age, experience, gender and balance of skills when making appointments to the board. Five of the last 11 independent non-executive directors appointed to the board were women, and currently three out of eight of the company's independent non-executive directors are women. The board comprises members from diverse backgrounds and nationalities. The committee believes that the company is well positioned in terms of the future balance of the board.

Where vacancies arise, the committee prepares a description of the role and capabilities required for the appointment.

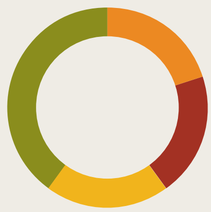
Appropriate succession plans for the non-executive directors, executive directors, and senior management are also kept under close review.

Where non-executive vacancies arise, the committee may use external consultants to identify suitable candidates for the board to consider. During the year the committee successfully concluded the search for a new Chairman and two other independent non-executive directors. In respect of the Chairman, an external search firm, JCA Group, was retained. It produced a strong list of candidates, a number of whom were shortlisted for consideration by the nomination committee on the basis of their relevant skills and experience. As a result Jan du Plessis was recommended for appointment on the basis of his considerable experience and ability.

The committee also used the services of external consultants, Heidrick & Struggles and JCA Group, in the appointment of Trevor Manuel and Javier Ferrán respectively. Again strong shortlists were produced from which Trevor Manuel and Javier Ferrán were chosen, both of whom the committee regards as outstanding candidates.

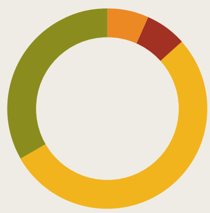
Neither JCA Group nor Heidrick & Struggles has any other connection with the group, except that JCA Group has been retained to assist in the process of appointing a permanent Chief Financial Officer, and certain offices of Heidrick & Struggles have been retained previously by various group companies to assist in executive recruitment in one or more countries at levels below the executive committee.

Tenure of the board as at 31 March 2015



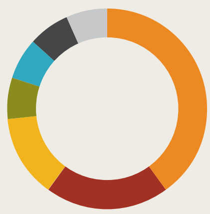
0–2 years	3
2–4 years	3
4–6 years	3
6+ years	6

Balance of the board as at 31 March 2015



Chairman	1
Executive director	1
Independent non-executives	8
Nominated non-executives	5

Background of the board members as at 31 March 2015



British	6
South African	3
Colombian	2
American	1
Australian	1
Indian	1
Zambian	1

The remuneration committee

Lesley Knox
Chairman of the remuneration committee

During the year the remuneration committee consisted entirely of independent directors: Lesley Knox (Chairman), Mark Armour, Guy Elliott and John Manzoni. John Manzoni will stand down from the committee on his retirement as a director at the 2015 annual general meeting. The committee is responsible for the assessment and approval of a remuneration strategy for the group, for the operation of the company's share-based incentive plans and for reviewing and approving short-term and long-term remuneration for executive directors and executive committee members.

The remuneration committee has implemented a 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 executive and company goals are aligned, share incentives are considered critical elements of executive incentive pay. During the year the committee engaged Kepler Associates, which has no other connection with the company, as consultants. The company's management engages other consultants on a project basis at levels below the executive committee.

Details of the company's remuneration policy and the work of the remuneration committee during the year, including the shareholder consultation on the vesting levels of share options at threshold performance, are in the directors' remuneration report on pages 74 to 96.

The corporate accountability and risk assurance committee (CARAC)

Dambisa Moyo
Chairman of CARAC

Dambisa Moyo chaired the committee throughout the year, with Geoff Bible, Alan Clark, John Manser, John Manzoni, and Helen Weir serving as members for the entire period. Jamie Wilson was a member of the committee until 18 February 2015. John Manzoni will step down from the committee on his retirement on 23 July 2015. The General Counsel and Corporate Affairs Director, John Davidson, met regularly with Dambisa Moyo to discuss the agenda and implementation and planning issues, and attends all meetings of the committee.

The committee's objective 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 and corporate social investment. More details of the committee's activities are in the sustainable development review section of this report and in our separate sustainable development summary report, which is available on our website. The terms of reference of this committee, and in particular its role and responsibilities in relation to risk vis-à-vis the audit committee and board, are under review. The recent board effectiveness evaluation identified this as an area that would benefit from further clarification.

During the year the committee continued to focus on company specific and industry issues that are critical to protecting our licence to trade, and on risks in this area. Particular areas of focus included our longer term sustainable development aims. This culminated in the launch of Prosper, our new sustainable development ambition which identifies five shared imperatives that impact on our businesses and local communities. The committee also reviewed the implementation of our groupwide policy for health and safety.

The committee normally meets twice each year, but during the course of the year the committee changed the timing of its meetings from March and September of each year to May and November of each year, to align more closely with the group's external reporting calendar. As a result, the November 2014 meeting was the only meeting held during the year ended 31 March 2015.

Effectiveness

Composition of the board
The board continues to believe that its overall composition remains appropriate, particularly in regard to the independence of character and integrity of all our directors, and the experience and skills they bring to their duties. It also believes that there is an appropriate balance of skills, collective experience, independence, background, knowledge and gender among our non-executive directors to enable them to discharge their duties and responsibilities effectively.

Independence
The board considers eight directors – Mark Armour, Jan du Plessis, Guy Elliott, Lesley Knox, John Manzoni, Trevor Manuel, Dambisa Moyo and Helen 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: Geoff Bible, Dinyar Devitre and Howard Willard, as they are nominees of Altria, the company's largest shareholder; and Alejandro Santo Domingo and Carlos Pérez, as they are nominees of BevCo, the company's second largest shareholder.

Under the Code, a chairman is not considered to be an independent director but is required to be independent upon appointment. When John Manser retires as Chairman at the 2015 annual general meeting, Jan du Plessis, an independent non-executive director, will become Chairman.

Board, committee and director performance evaluation
Performance evaluations are carried out each year and are reported in the subsequent annual report. With the current Chairman's tenure coming to an end at the AGM in July, the board intends to conduct an externally facilitated performance evaluation next year, early in the tenure of Jan du Plessis.

For the year ended 31 March 2015 a formal and rigorous evaluation of the performance of the board and its main committees (audit committee, remuneration committee and CARAC) has been carried out. To facilitate rich, open and frank discussion the evaluation was performed by way of interview with directors and aided by a tailored agenda. These interviews were led by Guy Elliott, our Senior Independent Director and Stephen Shapiro, our Group Company Secretary. The performance evaluation of the board committees was carried out through a tailored questionnaire. Following the interviews and the return of the questionnaires reports were compiled and presented to the respective committees and the board.

The performance of board members was reviewed and appraised by the Chairman and the Senior Independent Director, in consultation with the Group Company Secretary.

In reviewing the performance of the board and its committees, the Chairman and the Senior Independent Director both concurred 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 in maintaining the board's strategic oversight. The performance of each of the directors was considered to be more than satisfactory, with each director having applied him or herself diligently and been fully engaged in the discharge of his or her responsibilities.

The results of the performance and effectiveness assessment processes were reviewed in full and approved by the board. Matters identified as requiring more focus in the coming year included senior executive succession planning and talent development, and ensuring additional time on the board's agenda to focus on the most important issues (such as deep dives into major markets, brand performance, innovation and plans to improve performance in markets facing headwinds). As noted above, it was also suggested that the CARAC's terms of reference be revised.

A review of the performance of the Group Company Secretary was carried out by the Chairman and Deputy Chairman, on behalf of the board, and it concluded that both before and after the change in office holder on 1 November 2014, the performance of the Group Company Secretary has been effective.

All directors, except for John Manser, John Manzoni and Howard Willard, will be standing for election or re-election at this year's annual general meeting. The nomination committee 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 and that it believes that Javier Ferrán and Dave Beran who are offering themselves for election for the first time, will bring considerable strategic, financial and international experience to the board.

Information and training
Our Group 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 for the committees to undertake their duties. All directors have access to the advice of the Group Company Secretary. Independent professional advice is also available to directors in appropriate circumstances, at the company's expense. During the year ended 31 March 2015 none of the directors sought independent external advice through the company.

When directors join the board, tailored induction programmes are arranged which involve industry specific training and include visits to the group's businesses and, as appropriate, meetings with senior management. New directors are also briefed on their duties to the company and their obligations as directors of a listed company, on internal controls at head office and business unit level and on relevant company policies and governance related matters.

The company is committed to the continuing development of directors to help them build on their expertise and develop an ever deeper 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. 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.

Outside appointments

Non-executive directors may serve on other boards provided that they continue to demonstrate the requisite commitment to discharge their duties effectively to SABMiller. The nomination committee keeps under review the extent of directors' other interests to ensure that their external commitments do not compromise the effectiveness of the board and do not give rise to conflicts of interest. The board is satisfied that all the non-executive directors commit sufficient time to their duties as directors of the company; 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.

The board firmly believes in the benefit to the group of our executive directors and members of the executive committee accepting non-executive directorships of other companies to widen their experience and knowledge. Accordingly, subject to the agreement of the board, executive directors and executive committee members are permitted to accept external non-executive board appointments and to retain any fees from those appointments.

During the year under review none of the executive directors held any such appointment. Of the executive committee members, Mark Bowman is a non-executive director of Tiger Brands Limited, a company listed on the Johannesburg Stock Exchange, and Ari Mervis is a director of the Melbourne Business School.

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 that directors are subject to retirement and re-election by shareholders every three years. The re-appointment 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 their performance and that nine years' continuous service has not compromised their continuing independence.

Accountability

As noted in the section describing matters reserved for the board, the directors are ultimately responsible for corporate reporting, risk management and internal control. There is a regular schedule for the board to consider the group's principal risks and mitigating actions. The principal risks and uncertainties facing the group are set out on pages 16 and 17.

Risk management

The group's risk management system is designed to manage – rather than eliminate – the risk of failure to achieve business objectives. 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 group's risk management system is subject to regular review to ensure compliance with the Code and the Financial Reporting Council guidance to directors on internal control and risk management (the FRC Guidance). The Financial Reporting Council has recently updated the provisions of the Code on risk management and internal control and has published new guidance. The revised Code and new guidance do not apply to SABMiller in respect of the year under review but apply in respect of the current year.

Audit committee

A description of the composition of the audit committee during the year is included in the section dealing with the board and its committees. Information on the responsibilities and work of the audit committee is set out in the audit committee report on pages 70 to 73.

Induction of new directors

Upon appointment to the board Jan du Plessis (right, centre) received a tailored induction which included meetings with members of the executive committee and leaders of corporate centre and group functions. As part of the board visits to China and Peru, he met with senior members of in-country management responsible for executing our sales and distribution strategies and visited breweries and outlets. He will continue to meet with other executives throughout the year. Trevor Manuel's induction commenced with a briefing on his responsibilities as a director of a company listed on the London and Johannesburg stock exchanges, and meetings with the managing directors of SABMiller Africa and SAB Ltd. His induction into SABMiller will continue throughout the next 12 months.

Executive committee
The excom has specific responsibility for implementing the group's system of risk management and views the careful and appropriate management of risk as a key management role. It reviews our significant risks and subsequently reports to the board on material changes and the associated mitigating actions. Reviews of the effectiveness of the risk management system were carried out by excom in April and October 2014 and in March 2015, and reported to the audit committee.

Enterprise-wide risk management
Managing business risk to deliver opportunities is a key element of all our business activities, and is undertaken using a practical and flexible framework that provides a consistent and sustained approach to risk evaluation. Business risks, which may be strategic, operational, financial, environmental, reputational, are understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Key features of our system of risk management are:

- group statements on strategic priorities, purpose, values and ethics;
- 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 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. Strategic planning, internal audit and other risk control specialist processes are integrated into line management's risk processes and simplified risk reporting.

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

Internal control
The FRC 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 internal control provisions.

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;
- 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 towards compliance with Section 404 of the US Sarbanes-Oxley Act through the identification and testing of key financial controls under the internal financial control (IFC) programme. This is a voluntary initiative, which strengthens internal control systems and processes within the group;
- risk management policies and procedures including segregation of duties, transaction authorisation, monitoring, financial and managerial review and comprehensive reporting and analysis against approved standards and budgets;
- a treasury operating framework and group treasury team, accountable for all treasury activities, 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, with the policy having been refreshed in the year under review; 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 manage it, and which is also reviewed regularly by the audit committee on behalf of the board.

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 including programme assurance for large change projects, testing of certain aspects of the internal financial control systems by the external auditors during their statutory examinations and regular reports to the audit committee by the internal and external auditors. Our regional and group function finance, control and assurance committees consider the results of these reviews within each region and group function twice each year, together with feedback from country audit committees, 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 year end the members of regional and country business executive committees, each of our functional directors (corporate finance and strategy; legal and corporate affairs; marketing; and integrated supply and human resources), each of the direct reports to the Chief Financial Officer (finance and control, global business services including information technology, internal audit, tax, treasury and investor relations) are required to submit to the Group Company Secretary, on behalf of the board, formal letters of representation on compliance with internal controls and key policies. Notification of continuing or potential significant financial, regulatory, environmental and other exposures is also required to be given. These letters of representation are supported by back-to-back letters from the executive committees of all global business functions and country operating businesses, and cover the entire group. Material matters reported in these letters are reported to the audit committee.

Executive directors and executive committee members sit on the boards or management committees of major associated companies such as MillerCoors, CR Snow, Anadolu Efes and Castel. 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. Where necessary, actions were taken to remedy any weaknesses identified by 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 work carried out by internal and external auditors.

The board, with advice from the audit committee, completed its annual review of the effectiveness of the system of internal control and risk management for the period since 1 April 2014, in accordance with the FRC 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 reviews, all of which are risk-based and include provision of assurance over financial, operational, IT and transformation programme activities, 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 jointly to the audit committee and the Chief Financial Officer, has direct right of access to, and regular meetings with, the audit committee chairman and prepares formal reports for each audit committee meeting on the consolidated activities and key findings of the global internal audit function. The audit committee also has unrestricted access to all internal audit reports, should it wish to review them.

Our global internal audit function uses a standardised groupwide 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.

An annual process gathers feedback against specific performance criteria from a broad range of executive management at the group, regional and country levels and from certain board members. This process, supplemented by results from the function's own quality assurance reviews, provides a basis for the annual review of the effectiveness of the global internal audit function (coordinated by the Group Company Secretary) and results in a report 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, most recently in 2014, by an independent external consultant in accord 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.

The internal audit function is responsible for facilitating the risk management and reporting processes across the group. It also provides assurance on the effectiveness of the process to excom, the audit committee and the board.

Whistleblowing measures
All our employees have the opportunity to make confidential disclosures about suspected impropriety or wrongdoing. Country or regional ethics committees, the Group Company Secretary or the General Counsel and Corporate Affairs Director, in consultation with the Chief Internal Auditor if appropriate, decide on the method and level of investigation. The audit committee reviews the group's whistleblowing arrangements each year to assess whether they remain effective, 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.

Relations with shareholders

All shareholders were again encouraged to attend our annual general meeting in July 2014, which provided the opportunity to ask questions of the board and chairmen of all 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 they cannot all attend a meeting in the UK, a film and a full transcript of meeting proceedings were published on the company's website. Similar arrangements are planned for the 2015 annual general meeting.

We maintain a dedicated investor relations function which reports to the Chief Financial Officer. 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 these are understood across the global equity markets, including in one-to-one meetings with investors. Dialogue on sustainable development and socially responsible investment matters is primarily handled by the General Counsel and Corporate Affairs Director and by the Director of Sustainable Development, who have focused meetings with interested investors and stakeholders.

During April 2014 our 20 largest shareholders (in addition to those represented on the board) were invited to meet the Chairman and Deputy Chairman to discuss any governance or other issues which they wished to raise, and the invitations were taken up by 10 shareholders. Matters raised in these meetings included executive and non-executive succession planning, long-term sustainable growth prospects in developing markets, prospects for future value-adding mergers and acquisitions in the light of the relative consolidation of the global beer industry, efficient capital allocation and dividend policy, progress in recruiting a longer term chairman, the transition of responsibilities to Alan Clark as the new Chief Executive, and relationships with the group's joint venture and business partners. Our 20 largest shareholders were given a further opportunity to contact the Chairman in June 2014 if they wished to discuss any matters from our 2014 annual report and notice of annual general meeting. Given that we had already carried out a general consultation in April and May it was perhaps unsurprising that no shareholders took up this offer.

Institutional and shareholder comment on the annual report is conveyed by the Group Company Secretary to the full board and to the audit and remuneration committees and the CARAC in relation to matters within their respective terms of reference.

As described in our remuneration report, in each of the past three years, our 50 largest shareholders have been invited to meet or communicate with the chairman of the remuneration committee to discuss our remuneration philosophy.

Stephen Shapiro
Group Company Secretary
For and on behalf of the board of SABMiller plc
2 June 2015

Audit committee report

Mark Armour
Chairman of the audit committee

The audit committee assists the board in fulfilling its oversight responsibilities regarding in particular the company's financial and corporate reporting, risk management and internal controls, and the independence and effectiveness of the external auditors.

This report sets out how it has discharged its responsibilities during the year and, in relation to the financial statements, the significant issues it considered and how these were addressed. The board is required to ensure that the annual report is fair, balanced and understandable, and the audit committee assists by considering this.

The work of the committee is far-ranging. Without attempting to summarise it here, I would draw attention to the following:

In considering the integrity of financial reporting, we considered three particularly significant areas of judgement in detail: the carrying value of goodwill, provisioning for uncertain tax positions, and items excluded from adjusted earnings.

In risk management and internal controls, we focused among other matters on IT network security, anti-bribery and corruption policies and compliance, fraud, whistleblowing arrangements, and the new cost and efficiency programme.

In relation to the external audit the committee determined to conduct a tender in 2016 for audit services for the financial year commencing 1 April 2017. This is one year later than recommended in the guidance on audit tendering under the UK Corporate Governance Code but allows appropriate time for the appointment and settling-in of a new chief financial officer and for any actions required to ensure compliance by the recommended firm with the expected new regulations on non-audit services.

Mark Armour
Chairman of the audit committee

Responsibilities

The committee's main role and responsibilities are to assist the board in fulfilling its responsibilities regarding:

- the integrity of SABMiller's interim and full year financial statements and reporting, including the appropriateness and consistent application of accounting policies, the adequacy of related disclosures, and compliance with relevant statutory and listing requirements;
- risk management and internal controls, related compliance activities, and the effectiveness of the internal audit function and whistleblowing arrangements; and
- the scope, resources, performance and effectiveness of the external auditors, including monitoring their independence and objectivity.

At the request of the board, the committee considers whether the annual report is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the group's performance, business model and strategy.

The committee reports to the board on its activities, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Committee members, their relevant financial experience and the attendance record are set out in the corporate governance report on pages 60 and 62.

The committee's terms of reference are reviewed annually and are available on our website, www.sabmiller.com.

Committee meetings

The committee meets four times in the year. Meetings are attended by the committee members and typically, by invitation, the Chairman, Chief Executive, Chief Financial Officer, senior members of the group finance team, General Counsel, Group Company Secretary, and Chief Internal Auditor. Other non-executive directors have a standing invitation to attend as observers; the Chairman-designate has attended three meetings of the committee since his appointment in September 2014. Other members of management are invited to attend certain meetings in order to provide the committee with greater insight into specific issues and developments. The audit partners and senior members of the group audit team from our external auditors, PwC, attend each meeting.

The committee receives and discusses regular written and oral reports from the Chief Financial Officer, the Chief Internal Auditor, the General Counsel, and the external auditors relating to matters falling within the committee's terms of reference. Reports are also received from time to time by other members of management and other external assurance providers in relation to specific topics addressed by the committee.

The committee meets separately at least twice each year with the external auditors without management present and likewise at least annually with the Chief Internal Auditor. The committee chairman has separate meetings at least four times a year with the Chief Financial Officer, the Chief Internal Auditor, and with the external auditors. He also meets separately with the General Counsel, and with the Group Company Secretary. The Chief Internal Auditor, the external auditors, the General Counsel, and the Group Company Secretary have direct access to the committee, primarily through the chairman, on any matter that they regard as relevant to the fulfilment of the committee's responsibilities.

New members of the committee are briefed on matters relevant to the responsibilities of the committee and meet a range of finance management as part of their induction. Training is provided to committee members on financial, regulatory and other compliance matters through briefings presented by the external auditors, the Group Company Secretary, and the General Counsel. During the year, the committee received and discussed a presentation from the Deputy General Counsel on global trends in litigation and regulation, covering developments and emerging trends in areas of competition law, anti-bribery law, alcohol regulation, product liability and litigation.

Committee members have a standing invitation to attend the bi-annual finance, control and assurance meetings for each of the group's regions, and do so on occasion. The committee also has a rotational programme for committee members to receive presentations from, and hold discussions with, the group's regional finance directors. These focus on the regional finance organisation and succession plans, priorities for the finance teams, implementation within the region of the group's global systems template and the new cost and efficiency programme, and risk management and internal controls. The meetings provide greater insight on these matters to members of the committee and also reinforce the culture of integrity and accountability within the group.

The committee chairman briefs the board on the matters discussed at each committee meeting and the minutes of each meeting are circulated to all board members.

The committee's effectiveness was reviewed as part of the effectiveness review of the board and its committees carried out in March and April 2015. This concluded that the committee was operating satisfactorily and was effective in fulfilling its mandate. At its May 2015 meeting, the committee discussed further how to improve its workings with a particular focus on risk management oversight and internal control, reflecting the additional emphasis on these areas in the most recent revision to the UK Corporate Governance Code.

Financial and corporate reporting

In discharging its responsibilities in relation to the integrity of the interim and full year financial statements and reporting, before their submission to the board for approval, the committee reviewed reports from management and from the external auditors, and discussed with them:

- the appropriateness and consistency of application of the accounting policies, their compliance with applicable accounting standards, and the implementation of changes in international financial reporting standards, including IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosures of interests in other entities' which were adopted for the financial year;
- the critical accounting judgements and estimations made in the preparation of the financial statements and those matters where there have been substantive discussions between management and the external auditors;
- the contingent liabilities and judgements made in respect of significant legal matters, on which the committee receives regular reports from the General Counsel;
- the adequacy and clarity of reporting disclosures and compliance with applicable financial and other reporting requirements, including the treatment of exceptional and other items excluded from adjusted earnings used by management as an additional performance measure and the adoption during the financial year of constant currency adjusted earnings per share growth as an additional long-term financial performance measure;
- the appropriateness of the going concern basis of accounting, with reference to budgeted and projected future cash flows, debt maturities, cash resources and committed financing facilities, key credit ratios and sensitivity analyses; and
- whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Critical judgements and key sources of uncertainty in the accounts are set out in note 1 to the consolidated financial statements and these were reviewed by the committee. Of particular significance in the financial statements were the judgements made in respect of the carrying values of goodwill, the provisioning for uncertain tax positions, and the treatment of exceptional and other adjusting items in presenting underlying financial performance. These were addressed by the committee as follows.

Carrying values of goodwill

The judgements in respect of the carrying values of goodwill and potential asset impairment relate to the assumptions underlying the value in use and fair value less costs of disposal calculations and include the robustness of business plans, long-term growth assumptions and discount rates. The committee received and discussed reports from the Acting Chief Financial Officer on the impairment methodologies applied, the bases for the key assumptions used, a range of sensitivity analyses, and the related disclosures. The committee sought additional information from management on the plans and growth expectations in Australia and India where carrying values are significant and market conditions are challenging. In the case of India, impairment had been identified and a charge for impairment recognised.

Audit committee report continued

Uncertain tax positions
The judgements in respect of provisioning for uncertain tax positions relate to the inherent uncertainties in the application of tax law and practice, the assumptions underlying deferred tax asset recognition, and the complexity of assessing potential liabilities across numerous jurisdictions. The committee received and discussed a report from the Acting Chief Financial Officer on the potential liabilities identified and estimates applied and on assumptions used in respect of deferred tax asset recognition. The committee noted the reclassification of balance sheet amounts following a clarification by the IFRS Interpretations Committee in relation to deferred tax asset recognition.

Exceptional and adjusting items
The judgements in relation to exceptional and other adjusting items relate to whether they are appropriate to exclude in presenting underlying financial performance in the group's key performance indicators of EBITA and adjusted EPS. The committee received and discussed reports from the Acting Chief Financial Officer on each exceptional and adjusting item to determine whether they were appropriate, and in accordance with the group's established policy on these matters, consistently applied. The committee discussed in particular the adjustment for the early redemption premium in respect of the bonds redeemed and noted that there would be no further exceptional integration costs in Australia beyond the financial year. The committee also discussed and agreed the policy approach in relation to the exceptional and business as usual costs of the new cost and efficiency programme, and the assurance to be provided on the allocation of costs and the reporting of benefits.

The committee received reports from the external auditors on each of these matters and discussed with them the judgements made. The committee was satisfied with the explanations provided and conclusions reached.

The committee reviewed and discussed with management the processes undertaken to ensure that the annual report was fair, balanced and understandable and reviewed drafts of the annual report to consider whether, based on the knowledge and understanding of committee members, it appeared to be so. The committee received reports from the Chief Internal Auditor and the external auditors on whether or not, having reviewed the document, the results of their respective reviews and other work would suggest otherwise. The General Counsel reported on the steps taken to verify the accuracy of statements in the annual report, and on compliance with legal disclosure requirements. Based on this, the committee recommended the annual report to the board as fair, balanced and understandable, and as providing the information necessary for shareholders to assess the group's performance, business model and strategy.

Risk management and internal controls

With respect to its oversight of risk management and internal controls, the committee reviewed and discussed a wide range of matters with management, and with the internal auditors and external auditors as appropriate. In particular the committee:

- reviewed the processes for the identification and management of material risks across the group, and discussed changes to the principal risks and risk profiles during the year;
- discussed the principal risks identified by the risk management processes, the mitigating actions and residual risk. These were also discussed by the board. As part of its review of the annual report, the committee reviewed the disclosures with respect to principal risks and mitigating factors;
- received and discussed regular reports from the Chief Internal Auditor on the progress of internal audit work against the agreed annual plan, the principal findings of the internal audit work undertaken, actions agreed with management, and the progress on implementation of prior recommendations. The reports also provided further detail on assurance activities in respect of major change projects under way in the group, including the findings of any third party firms appointed to provide related assurance services, and addressed any identified frauds of significance. Areas of assurance focus during the year included: management of the rollout of the global template; implementation of the new cost and efficiency programme; IT network security; implementation of and compliance with anti-bribery and corruption policies; and continued progress towards voluntary compliance with the requirements of Section 404 of the Sarbanes-Oxley Act relating to the documentation and testing of internal controls over financial reporting;
- reviewed and approved the annual internal audit plan and resource requirements;
- reviewed the effectiveness of the internal audit function, including consideration of its scope as set out in the terms of reference, the adequacy of resources, including skills and expertise, the relevance of its findings and quality of reporting, and the impact of its recommendations. The committee reviewed a report on the implementation of the recommendations arising from the prior year's external review of the effectiveness of internal audit and noted progress, particularly in relation to the more extensive use of data analytics.
- received and discussed regular reports from the General Counsel on compliance matters, including the operation of the group's code of business conduct and ethics and related training programmes, the adequacy of the group's anti-bribery and corruption framework and the implementation of its policies, and whistleblowing arrangements. In relation to the group's whistleblowing arrangements the committee received reports from the General Counsel on concerns raised through these arrangements, both to assess whether these suggested any need for the enhancement of internal controls, and to assess whether the whistleblowing arrangements appear to be functioning effectively, with proportionate and independent investigation of reported matters, appropriate protection for whistleblowers, and suitable follow-up action. The General Counsel also reports to the committee on the bi-annual letters of representation received from the group's businesses on compliance matters and on management actions taken on any issues identified;
- received and discussed a presentation from the Chief Information Officer on cyber security, including an assessment of vulnerabilities and the programmes being implemented to protect the group against this evolving risk;

- reviewed with the Chief Financial Officer and the Group Treasurer the group's treasury policies and revisions proposed to take account of evolving best practice and experience. After discussion, revisions to the policies were agreed by the committee for endorsement by the board. (See also page 45 in the finance review). At each meeting of the committee, reports were received on compliance with commodity hedging policies and counterparty credit limits;
- received updates on the group's global insurance arrangements, and on the operation and funding of the group's defined benefit post-retirement plans; and
- received regular updates from the Chief Financial Officer on developments within the finance function.

As part of the year-end procedures, and based on the activities described above, the audit committee reviewed the effectiveness of the systems of internal control and risk management during the financial year. The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss. The committee reported to the board on this basis.

External audit independence and effectiveness

SABMiller has a well-established policy on the independence of the external auditors and management of the company's relationship with them. This sets out: the committee's responsibilities in the selection of auditors to be proposed for appointment or reappointment and for agreement on the terms of their engagement, audit scope and remuneration; the auditor independence requirements and the policy on the provision of non-audit services and the rotation of audit partners and staff; and the conduct of the relationship between the auditors and the committee.

The auditors are precluded from engaging in non-audit services that would compromise their independence or violate any professional requirements or regulations affecting their appointment as auditors. The auditors may, however, provide non-audit services which do not interfere with their independence, and where their skills and experience make them a logical supplier, subject to pre-approval by the committee. The policy stipulates the types of work that are not permitted to be performed by the auditors and those which may be permitted in appropriate circumstances. The group's procedures require that any non-audit services proposed to be provided by the auditors be supported by justification as to why the appointment of the external auditors to provide the services is in the best interests of the group, and how auditor independence would be safeguarded in the specific context of the proposed services. The committee has, at each meeting, reviewed and agreed the non-audit services provided in the year and the related fees, which are summarised in note 3 to the consolidated financial statements. SABMiller does not indemnify its external auditors and there are no contractual obligations restricting the choice of external auditors.

The external auditors, PricewaterhouseCoopers, later becoming PricewaterhouseCoopers LLP (PwC) in 2003, were appointed as the company's auditors in 1999 when the company moved its headquarters from Johannesburg to London and listed on the London Stock Exchange.

PwC has confirmed to the committee its continuing independence and compliance with the SABMiller policy on auditor independence. The external auditors are required to rotate the lead audit partner responsible for the audit engagement every five years, unless there are unusual extenuating circumstances when a further year may be considered. The lead audit engagement partner, Richard Hughes, has now completed four years.

The committee conducted its annual review of the performance of the external auditors and the effectiveness of the external audit process for the year ended 31 March 2015. The review was based on a survey of key stakeholders across the group, consideration of public regulatory reports on PwC member firms, and the quality of the auditors' reporting to and interaction with the committee. Based on this review, the committee was satisfied with the performance of the auditors, their objectivity and the effectiveness of the audit process. In the light of this and their continued independence, the committee has recommended to the board that a resolution for the reappointment of PwC as the external auditors for the financial year ending 31 March 2016 be proposed at the annual general meeting.

The committee has monitored recent regulatory developments in the UK and the European Union regarding the length of audit tenure, audit tendering and audit firm rotation, and the provision of non-audit services by auditors. The European Union has now directed member states to adopt legislation by 2016 requiring that companies change their external auditors at least every 10 years, or every 20 years if an audit tender is held after 10 years, subject to transitional rules, and restricting further the non-audit services that may be provided. The UK Corporate Governance Code requires, on a comply or explain basis, that the audit is put out to tender at least every 10 years, subject to transitional guidance that, when a tender has not been held in the past 10 years, it would be appropriate to coincide a tender with the next rotation of the lead audit engagement partner. This would suggest a tender for the year commencing 1 April 2016, since the next rotation of the lead audit engagement partner is scheduled to take place after the conclusion of the audit for the year ending 31 March 2016.

Taking into account these regulations and developments in the business, the committee has determined to conduct a tender in 2016 for audit services for the financial year commencing 1 April 2017. This is 12 months later than suggested in the Code transitional guidance, but is considered to be in the best interests of the group as it allows appropriate time for a new chief financial officer to be appointed and to become established and for any actions required to ensure compliance by the chosen firm with new regulations on restricted non-audit services. Under the transitional rules of the new EU regulations, should PwC be reappointed following the tender, mandatory auditor rotation would require that new auditors be appointed for the year ending 31 March 2024 at the latest.

Directors' remuneration report

"It is the remuneration committee's main responsibility to ensure that payments to executives are appropriate and aligned with shareholder interests. Our remuneration policy and payments to directors for the year ended 31 March 2015 follow that principle."

Lesley Knox
Chairman of the remuneration committee

Dear Shareholder

On behalf of the board, I am pleased to present the remuneration committee's report for 2015. I summarise the group's performance and the resulting pay outcomes for the year ended 31 March 2015, and highlight some of the key issues that the remuneration committee has considered during the year.

Performance and outcome

This has been another year of strong underlying financial performance reflected in EBITA margin growth, adjusted EPS growth, and strong cash flow performance. For the five years to 31 March 2015, our compound annualised adjusted EPS growth of 5.6% per annum above inflation and 36% pts. TSR outperformance of our comparator group has enabled the long-term incentives with a five-year performance period to vest. However for the three years to 31 March 2015, our compound annualised adjusted EPS growth of 1.2% per annum above inflation was insufficient for the share options and performance share awards with a three-year performance period to vest, and therefore these have lapsed in full. Further details on the performance conditions and vesting of long-term incentives are included on pages 88 and 89 of this report, and a summary of this year's total remuneration for executive directors is shown on page 84 and in the 'remuneration at a glance' table on the opposite page.

Remuneration policy

We submitted our remuneration policy for shareholder approval at the 2014 AGM, and I was encouraged by the support of over 92% of shareholder votes in favour. At the time of the AGM, and also arising from our regular annual shareholder consultations earlier in the year, some shareholders questioned our policy that permitted share options to vest for threshold performance at levels up to 65% of maximum for the Chief Executive, and up to 80% of maximum for other executive directors. The remuneration committee considered this issue, and determined that it was too high. Therefore, for future grants of share options to the Chief Executive and other executive directors, vesting at threshold performance will be reduced to 25% of maximum.

Our remuneration policy, approved at the 2014 AGM, is reproduced on pages 76 to 82 of this report for ease of reference. It remains unchanged, except for context, and to note the reduction in threshold vesting of share options from 2015. The details of letters of appointment for non-executive directors appointed during the year have also been updated in the table on page 81.

Consideration of shareholder views
The company maintains regular communications with key shareholders regarding our remuneration policy and its implementation. We invited our 50 largest shareholders to participate in our annual consultation again in the year, and I had met and spoken with other shareholders during the year, and this collective input was useful. Feedback from shareholders on all remuneration matters is welcome, and I would be pleased to hear from any shareholder on such matters.

Executive director changes
Jamie Wilson stepped down from the board on 18 February 2015 and left the group on 31 March 2015. He continued to receive his contractual salary and benefits through to 31 March 2015.

In accordance with policy, the committee considered Jamie's performance during the year and determined that he should remain entitled to an annual bonus for his service during the year ended 31 March 2015. All his unvested share options, share awards and deferred shares due to vest on dates after his leaving employment have been forfeited.

As required by the remuneration reporting regulations, we have shown on page 84 the amounts in respect of his period as a director until 18 February 2015. Also shown on page 84 is his remuneration in respect of the period from 19 February to 31 March 2015 when Jamie remained an employee but was not a director, thereby disclosing his full remuneration for the whole of the year.

In accordance with his employment contract, Jamie was entitled to receive certain payments in lieu of his contractual notice period of 12 months. These payments were set out in our announcement on 19 February 2015 and are repeated on page 92 of this report, and remain subject to mitigation and to him not taking up employment during his notice period without prior consent.

Committee changes
John Manzoni will be stepping down from the remuneration committee and the board at the 2015 AGM in July, and I would like to thank John for 11 years of dedicated service to the company and this committee.

It is the remuneration committee's main responsibility to ensure that payments to executives are appropriate and aligned with shareholder interests. Our remuneration policy and payments to directors for the year ended 31 March 2015, including the lapse and forfeiture of certain long-term incentive awards, follow that principle. I hope that I can count on your continued support this year.

Lesley Knox
Chairman of the remuneration committee
2 June 2015

Remuneration at a glance
The table below summarises the pay of the executive directors in respect of the year ended 31 March 2015. Further details are contained in pages 84 to 89 of this report.

	Base pay	Retirement and other benefits	Annual bonus		Long-term incentives	Total remuneration		
Name	£'000	£'000	£'000	% of maximum	£'000	2015 £'000	2014 £'000	% change
Alan Clark (Chief Executive)	**1,133**	**399**	**1,098**	**55%**	**4,442**	**7,072**	6,463	+9%
Jamie Wilson (Chief Financial Officer)[1]	**762**	**325**	**461**	**50%**	**608**	**2,156**	3,847	-44%

Fixed pay · Short-term incentives · Long-term incentives

[1] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015. His remuneration for the whole of the year ended 31 March 2015 is shown in the table above.

Remuneration policy

This report covers the year from 1 April 2014 to 31 March 2015 and reproduces the remuneration policy (unchanged except for context to show the policy's application for the year under review) for the three-year period commencing from the 2014 AGM on 24 July 2014.

This report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) ('the regulations') and the provisions of the UK Corporate Governance Code relating to remuneration. The format and content take into account the Directors' Remuneration Reporting Guidance of the GC100 and Investor Group, together with other guidance issued by institutional investor and governance bodies.

Directors' remuneration report

Remuneration policy

It is intended that the remuneration policy will be put to a shareholder vote every three years (unless a change of policy is proposed) and will apply from the date of the relevant general meeting. The policy described in the 2014 report took effect from 24 July 2014, following shareholder approval at the 2014 annual general meeting. No changes have been made to the policy during the year and accordingly the policy is not being put to a shareholder vote this year, but has been reproduced in its entirety unchanged (except for context to show the policy's application for the year under review).

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 the 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. In such circumstances the committee has the discretion to adjust, forfeit and clawback annual bonus payments and share awards.

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, while also ensuring an emphasis on pay for performance. This approach helps to attract, retain and motivate individuals of the necessary calibre, while ensuring employees' behaviours remain consistent with SABMiller's values.

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, four and five-year performance periods). In addition, executive directors are required to own outright shares in the company, to provide further alignment with shareholder returns by ensuring a reduction in their own wealth if there is a reduction in SABMiller's share price.

Our remuneration philosophy

Ensure employees are rewarded fairly and appropriately

Attract, retain and motivate individuals with the necessary calibre and behaviours

Fixed pay
- base pay
- retirement benefits
- other benefits

Appropriate to recruit and retain, but no in-built premium for performance

Short-term incentives
- annual bonus plan (one year)

Aligned to financial performance and strategic priorities

Long-term incentives
- share option plan (3 and 5 years)
- share award plan (3, 4 and 5 years)

Aligned to shareholder returns

High rewards are achieved only for high performance and high shareholder returns

Key to colours
The following colours are used throughout the directors' remuneration report to denote the following:

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

Base pay is a fixed cost for the company, and is therefore set at the level appropriate to recruit and retain individuals of the necessary calibre, but with no in-built premium for performance, which is otherwise rewarded through the company's incentive plans. Short-term incentives are structured to reward the achievement of annual financial performance balanced with the delivery of the company's strategic priorities. 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 value creation for shareholders. For this reason, long-term incentives with performance periods of up to five years are the component of pay which represent the largest opportunity for executive directors and executive committee members.

In practice, this approach means setting fixed pay at around median for the relevant market, with a significant proportion of variable performance-related pay to incentivise and reward performance, re-inforced by executive shareholding requirements. The combination of these components ensures that high rewards are achieved only for high performance and high shareholder returns.

Before the quantum of awards is determined, extensive modelling of the potential outcomes is undertaken, and any necessary adjustments made, so that remuneration remains appropriate in all the circumstances. The targeted positions for each performance level 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.

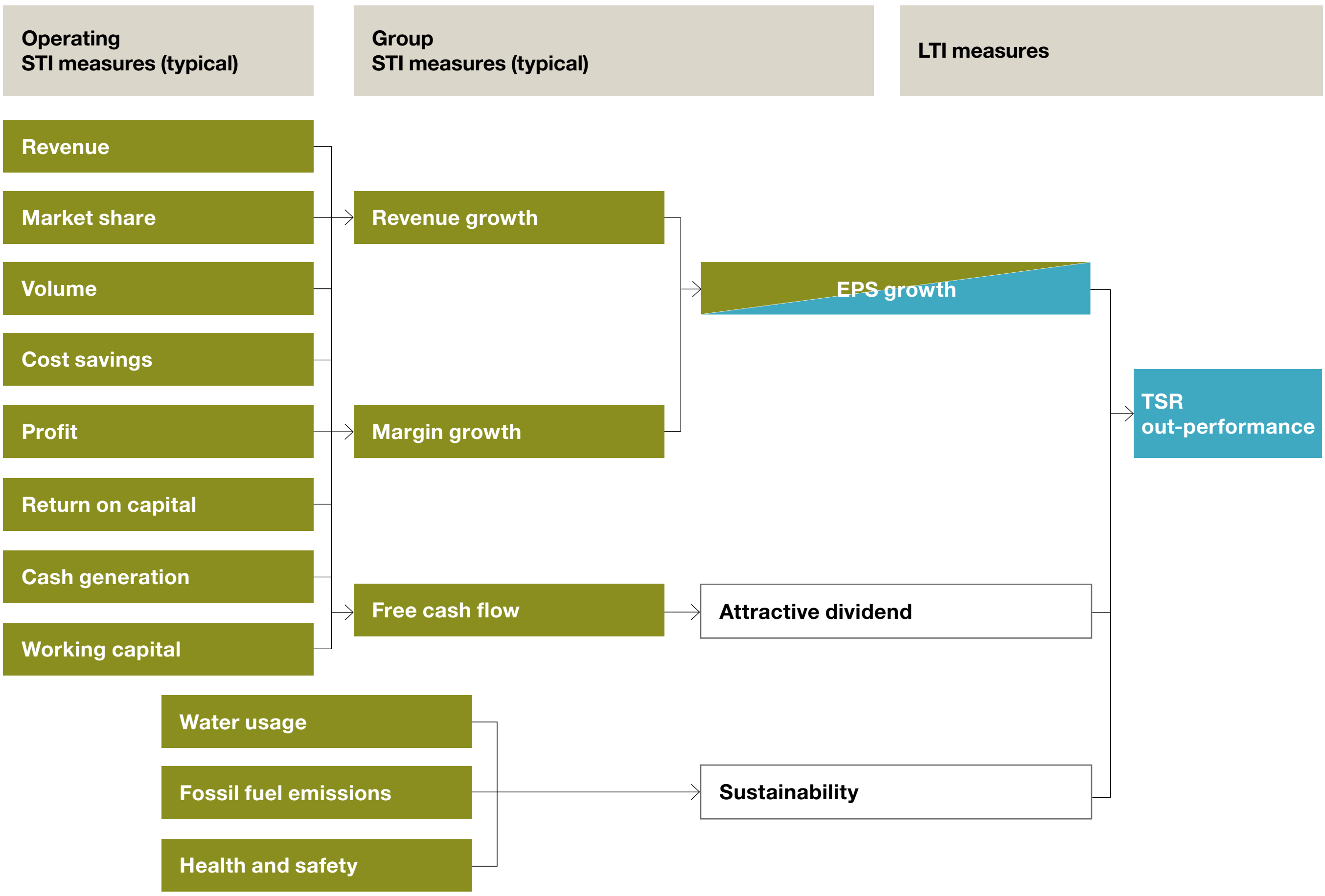
At the end of each performance period, before any variable payments are confirmed, remuneration payable is compared with the expected level of pay for actual performance achieved, to ensure that any payouts remain appropriate for overall business performance and shareholder returns.

Alignment of strategy, pay and performance

The company's key strategic priorities aim to deliver a higher return to shareholders than our peers. Accordingly, these same strategic priorities determine the performance measures and targets for both the short-term and long-term incentive plans.

The financial performance measures for short-term incentives (STI) are selected as being the drivers of superior EPS growth, with strict control of cash flow enabling an attractive dividend. The long-term incentives (LTI) measures reward the achievement of stretching EPS growth targets and delivery of superior TSR. In addition, sustainability metrics including water usage and reductions in fossil fuel emissions, and other strategic objectives, comprise the total bonus opportunity for executives, to ensure that the achievement of short-term financial performance is not at the expense of enabling future shareholder value creation.

Alignment of strategy, pay and performance



Remuneration policy continued

Remuneration policy table

The table below sets out the remuneration policy that applies to executive directors from 24 July 2014, approved by shareholders at the 2014 annual general meeting.

	Fixed pay			Short-term incentives
	Base pay	**Retirement benefits**	**Other benefits**	**Annual bonus plan**
Purpose and link to strategy	Provides a fixed level of earnings, appropriate to the market and requirements of the role.	Provides a basis for savings to provide an income in retirement.	Provides benefits and allowances appropriate to the market, and to assist executives in efficiently carrying out their duties.	Incentivises and rewards the achievement of annual financial performance balanced with the delivery of the company's strategic priorities. With base pay set at around median, the annual bonus plan ensures that above-market pay cannot be achieved unless challenging performance targets are met.
Operation	Base pay is reviewed annually with effect from the start of each financial year. There is no obligation to increase base pay upon any such review. Annualised base pay for the year ended 31 March 2015 and for the year ending 31 March 2016 are shown on page 85.	SABMiller does not provide guaranteed retirement income (defined benefit pension), but makes defined contributions towards pension savings. In the UK, amounts up to the annual and lifetime allowances are generally 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 amounts in excess of these limits are notionally credited to the company's unfunded retirement benefits scheme, or paid in lieu as a taxable cash amount.	Benefits and allowances may include a company car or car allowance, fuel card, family medical and dental insurance, long-term disability insurance, life insurance, accompanied travel, occasional overnight accommodation, legal and professional fees relevant to duties, club subscriptions, and a beer allowance. In addition, executive directors may also participate in employee discount programmes and all-employee share plans on the same basis as other employees. Executive directors also have access to the same facilities as other UK employees, including access to on-site staff car parking at certain locations and a company bar.	The total bonus opportunity is split: • minimum of 60% annual financial performance; and • maximum of 40% individual strategic objectives. This balance, with a significant proportion of the annual bonus opportunity based on longer term and sustainability metrics ensures that the achievement of short-term financial performance is not at the expense of enabling future shareholder value creation. If overall business performance is not satisfactory, or if there is required to be a material restatement of financial results (other than due to a change in accounting policy), misconduct, or other action causing harm to the reputation of the company, all or part of any annual bonus not already paid may be forfeited, and any annual bonus already paid may be clawed-back.
Opportunity and maxima	Around median for the relevant market (generally the FTSE-30 for UK-based executive directors), while recognising experience and responsibilities. Any increases will be in the context of overall business performance, with reference to the market median and any further increases will not exceed the average annual increase awarded to other UK-based employees.	Pension contributions for executive directors are fixed at 30% of base pay.	Company car allowance is fixed at £17,150 per annum. The maximum amount paid for other benefits will be the actual cost of providing those benefits which, particularly in the case of insured benefits, may vary from year to year, although the committee is mindful of achieving the best value from benefit providers.	The policy maximum bonus opportunities for executive directors at each performance level are: • Maximum: 200% of base pay. • Target: 100% of base pay. • Threshold: 50% of base pay. The current bonus opportunities are: *Chief Executive:* up to a maximum of 175% of base pay, with 87.5% of base pay at target, and 43.75% of base pay at threshold. *Other executive directors:* up to a maximum of 120% of base pay, with 60% of base pay at target, and 30% of base pay at threshold.
Performance measures	Not applicable.	Not applicable.	Not applicable.	The annual financial performance measures and weightings are reviewed each year, and may be changed to ensure that they continue to align with the company's key strategic priorities. The range of performance measures will typically be selected from revenue, market share, volume, cost savings, profit, return on capital, cash, working capital, margin growth, EPS and sustainability metrics including water usage, reductions in fossil fuel emissions, and health and safety measures. The performance measures for bonus payments for the year ended 31 March 2015 and for the year ending 31 March 2016 are shown on pages 86 and 87.

Remuneration policy notes

[1] The committee reserves the right to make any remuneration payment, notwithstanding the policy set out in this report, where the terms of the payment were determined before the policy came into effect, or if the individual was not an executive director at the date the remuneration was determined (unless that remuneration was set in consideration or in anticipation of becoming an executive director). The committee may make minor amendments to the policy (for regulatory, exchange control, or administrative purposes, or to take account of a change in other legislation) without obtaining shareholder approval for that minor amendment.

[2] The remuneration policy for other UK employees is similar to that for executive directors in accordance with our philosophy that remuneration should be appropriate to the local competitive market. Certain components of remuneration (for example, car allowance and long-term incentives) are paid only to certain levels of employees. There are other variances depending on geographic location and local market practice, but the general approach is consistent across the group.

Long-term incentives			
Share option plan	**Share award plan**	**Shareholding requirement**	**Non-executive directors' fees**
Provides a direct and transparent link between executive pay and value creation for shareholders. Share options may be structured as stock appreciation rights (SARs), which are economically equivalent to share options but result in less dilution of share capital.	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 measures, in addition to share price increase.	Provides alignment with shareholder returns by ensuring a reduction in executive directors' own wealth if there is a reduction in SABMiller's share price.	Compensates non-executive directors for their responsibilities and time commitment.
Share options reward executive directors only if there is an absolute increase in the share price. Furthermore, to ensure that any share price increase is supported by a sustainable improvement in the group's underlying financial performance, additional performance conditions are applied before vesting of: • two-thirds of the share options after three years; and • one-third of the share options after five years Vesting at threshold cannot be greater than 65% of the maximum award for the Chief Executive and 80% of the maximum award for other executive directors (but see note 4 below). If these performance conditions are not met, the appropriate proportion of share options will lapse, and there is no opportunity for retesting. If there is required to be a material restatement of financial results (other than due to a change in accounting policy), misconduct, or other action causing harm to the reputation of the company, all or part of any share award not yet vested may be forfeited, and any share award already vested may be clawed-back.	Share awards comprise performance shares and value shares. Performance shares vest in a single tranche on the third anniversary of the grant date, subject to achieving the performance conditions. 25% of the shares vest at threshold, with 100% vesting at maximum. Value shares vest only if SABMiller's TSR out-performs the median of a comparator group. No shares vest for median performance or below, but for every £10 million of additional shareholder value created (being the percentage out-performance multiplied by the company's market capitalisation at the commencement of the performance period), a fixed number of shares will vest. Value shares vest one-third on each of the third, fourth and fifth anniversaries of the grant date, based on performance to these fixed dates. If the performance conditions are not achieved by the relevant dates, the appropriate proportion of the share awards will lapse, and there is no opportunity for retesting. If there is required to be a material restatement of financial results (other than due to a change in accounting policy), misconduct, or other action causing harm to the company, all or part of any share award not yet vested may be forfeited, and any share award already vested may be clawed-back.	Any shares arising from the exercise of share options or vesting of share awards 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 shareholding requirement is met, unless the committee determines otherwise in exceptional circumstances.	Fees are reviewed annually by the board, and the Chairman's fee is determined annually by the committee. Fees are paid in cash, but may be paid in shares having the equivalent value at the request of the non-executive director. Non-executive directors are not eligible to participate in any of the company's incentive plans, and receive no benefits other than a beer allowance which is at the same level as for UK-based employees.
Grants are made annually at the discretion of the committee. *Chief Executive:* share options with a face value at grant up to a maximum of 500% of base pay. *Other executive directors:* share options with a face value at grant up to a maximum of 400% of base pay. Share option awards to executive directors, for the year ended 31 March 2015, are shown on page 93.	Grants are made annually at the discretion of the committee. *Chief Executive:* performance shares with a face value at grant up to a maximum of 250% of base pay, plus value shares up to a maximum of 125 shares for every £10 million of additional shareholder value created. *Other executive directors:* performance shares with a face value at grant of up to a maximum of 200% of base pay, plus value shares up to a maximum of 100 shares for every £10 million of additional shareholder value created. Share awards to executive directors for the year ended 31 March 2015 are shown on page 93.	Shares owned outright equivalent to: *Chief Executive:* 300% of base pay. *Other executive directors:* 200% of base pay.	Fees are set at around median for the FTSE-30. Any increases will be in the context of overall business performance, and with reference to the market median.
A core financial performance measure (being EPS growth over periods of three and five years).	A core financial performance measure for performance shares (being EPS growth over three years). An external relative performance measure for value shares (being TSR out-performance of the median of a comparator group over three, four and five years).	Not applicable.	Not applicable.

[3] The specific financial performance measures applicable to short-term and long-term incentive plans may be varied to align with the company's key strategic priorities. The targets for each performance measure are set to be stretching, based on a number of reference points including company targets, analyst forecasts, and shareholder expectations.

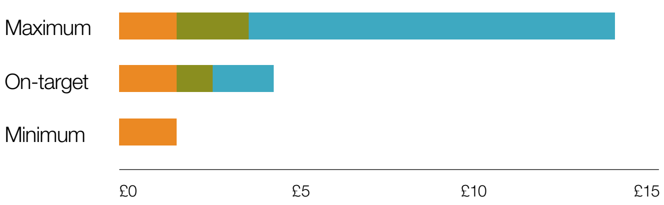
[4] The approved policy allows for threshold vesting of share options at up to 65% of maximum for the Chief Executive and up to 80% of maximum for other executive directors. However, the remuneration committee has confirmed that in applying the policy for share options granted from 2015, the percentage of any award capable of vesting at threshold performance will not exceed 25% of maximum.

Remuneration policy continued

Remuneration scenarios

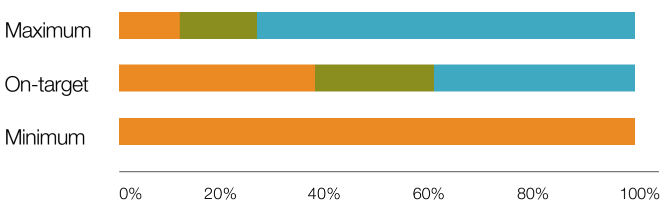
The charts below provide an indication of the remuneration opportunity for each director for the year ended 31 March 2015 (the first year to which this policy applied, in accordance with the regulations), showing potential total remuneration at maximum, on-target, and minimum performance levels.

Chief Executive
Value of package £m

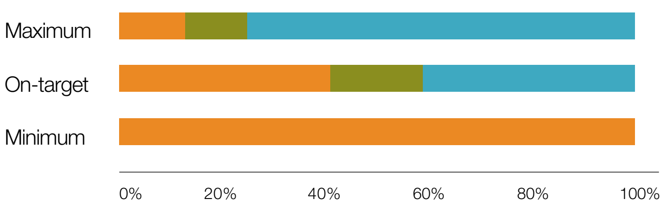


Chief Financial Officer
Value of package £m

Chief Executive
Composition of package %



Chief Financial Officer
Composition of package %



The scenario charts assume fixed pay comprising base pay for the year ended 31 March 2015, retirement benefits, plus the anticipated value of other benefits (assumed to be the same amount as for the year ended 31 March 2014 for this purpose). The value of short-term incentives is based on current bonus opportunity (a maximum of 175% of base pay for the Chief Executive and a maximum of 120% of base pay for the Chief Financial Officer), and the value of long-term incentives is based on the awards granted for the year ended 31 March 2015.

Assumptions for each performance scenario relating to short-term incentives and long-term incentives are shown in the table below. In accordance with the regulations, no share price appreciation has been factored into these calculations, except for share options where share price growth of 33% is assumed for all performance periods and scenarios.

	Short-term incentives	Long-term incentives		
	Payout % of maximum	Share options vesting %	Performance shares vesting %	TSR out-performance value shares vesting
Maximum	100	100	100	30% above median
On-target	50	65[1]	25	Median/nil
Minimum (threshold)	nil	nil	nil	Below median/nil

[1] 25% for share options granted from 2015.

Recruitment policy

The committee will pay no more than it considers necessary to attract appropriate candidates, and it is not contemplated that remuneration will need to be different from the structure or exceed the limits set out in the remuneration policy table. The maximum variable remuneration will be in line with that set out in the policy table on pages 78 and 79. For internal appointments, the committee may allow any unvested long-term incentive awards upon appointment to remain subject to the original performance conditions and vesting timescale applicable to those awards. For external appointments, where a newly appointed executive director forgoes a bonus or long-term incentive award (or similar) upon leaving a previous employer, the committee will determine the expected value of the amounts forgone (taking into account any performance conditions and duration until vesting), and may pay compensation in cash, in SABMiller shares, or an award of long-term incentives, but, in any event, the total compensation amount will not exceed the expected value of the amounts forgone. Furthermore, any such compensation will be subject to forfeiture and clawback if the executive director leaves the company voluntarily within a fixed time period determined by the committee, being not less than two years. Compensation for amounts forgone upon recruitment is not payable to non-executive directors.

Relocation policy

To enable the company to move or recruit the appropriate individual into a role, relocation assistance may be provided. The extent of assistance provided will depend on the specific circumstances, but may include payment of relocation costs, housing or temporary accommodation for a fixed period, children's schooling, home leave, tax equalisation and repatriation. In respect of executive directors, the total cost provided in any year will not exceed one times base pay.

Termination policy

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 or other legal obligations, and the relevant share plan and pension scheme rules. The overriding principle is that there should be no reward for failure. While the treatment applied is at the discretion of the committee, in normal circumstances the application is tabulated below.

Reason	Fixed pay	Short-term incentives	Long-term incentives
Voluntary termination, giving notice to company.	Nil after notice period has been completed, with provision for pay in lieu of notice, comprising base pay and benefits only.	Forfeited.	Any unvested share options, share awards and deferred shares are forfeited. Any vested but unexercised share options must be exercised before the date of termination.
Retirement, injury, disability, or ill-health.	Nil after leaving date. Long-term disability insurance may become payable.	Not contractual, but normal practice is to pro-rate the annual bonus for the year in which the employee departs, subject to performance.	Not contractual, but normal practice is that unvested share options and share awards are pro-rated for time served, with vesting subject to applicable performance conditions. Any vested but unexercised share options must be exercised within 12 months of termination.
Redundancy, or other termination.	Fixed pay 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, subject to any statutory minimum entitlements which may apply.		
Death in service.	Fixed pay will cease at the end of the month in which death occurs. Life insurance and dependant pension (if any) may become payable.		Subject to the absolute discretion of the committee. Any unvested share options and share awards may vest in full, or in part or may lapse completely depending on the specific circumstances and business performance to the date of death.

Service contracts and notice periods

It is the policy that executive directors have service contracts with the company which may be terminated with not less than 12 months' notice given by the company or by the executive. The committee retains the discretion to appoint a new executive director on a notice period of up to 24 months reducing to 12 months during the first year, such that after 12 months' service the notice period would have reverted to the standard 12 months. 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 current service contract or letter of appointment	Date next due for election or re-election
Executive director			
Alan Clark	26 July 2012	23 May 2013	2015 AGM
Non-executive directors			
Mark Armour	1 May 2010	14 April 2010	2015 AGM
Geoffrey Bible	1 August 2002	27 September 2002	2015 AGM
Dinyar Devitre	16 May 2007	16 May 2007	2015 AGM
Jan du Plessis	1 September 2014	9 August 2014	2015 AGM
Guy Elliott	1 July 2013	4 April 2013	2015 AGM
Lesley Knox	19 May 2011	17 May 2011	2015 AGM
Trevor Manuel	1 March 2015	27 January 2015	2015 AGM
John Manser	1 June 2001	9 January 2014	n/a
John Manzoni	1 August 2004	12 May 2004	n/a
Dambisa Moyo	1 June 2009	26 May 2009	2015 AGM
Carlos Pérez Dávila	9 November 2005	12 October 2005	2015 AGM
Alejandro Santo Domingo Dávila	9 November 2005	12 October 2005	2015 AGM
Helen Weir	19 May 2011	17 May 2011	2015 AGM
Howard Willard	1 August 2009	1 August 2009	n/a

Copies of the relevant service contracts or letters of appointment can be viewed at the company's registered office or, in the case of service contracts, on the company's website at www.sabmiller.com.

Remuneration policy continued

Policy on external appointments
Each executive director is permitted to accept a non-executive directorship in another company, subject to the prior approval of the board. This will normally be limited to one appointment. Fees received in respect of external appointments may be retained by the individual. Currently, no executive director has non-executive directorships in external companies.

Pay and employment conditions across the group
The company operates in a number of different locations with employees paid by reference to applicable market rates, and base pay reviewed annually. The ratio between fixed and variable pay for employees differs by level, geographic location and business unit. Variable performance-related pay and share plans operate across the group but may differ in terms of structure, award levels and performance measures. Long-term incentives on similar terms to executive directors are cascaded to the other executive committee members, and to around 1,700 other employees in the group. Employment conditions and benefits are determined according to the local market to enable high standards of health and safety and employee wellbeing.

The company does not consult directly with employees when determining directors' remuneration, but undertakes regular employee engagement surveys which provide a mechanism for feedback on a number of issues, including remuneration. Furthermore, many employees are also shareholders in SABMiller, and are able to participate in the votes on directors' remuneration.

Remuneration comparison measurements are not used routinely, because of the inconsistencies in comparing pay levels across different geographies and workforce profiles.

Discretion and judgement
Discretion is necessary to ensure that outcomes remain appropriate in all the circumstances, including those not anticipated by the remuneration policy. Mechanistic or formulaic remuneration outcomes are not always appropriate in context, and the committee may exercise discretion to adjust a payment, performance metric or targets in exceptional circumstances. Judgement is applied by the committee in setting performance targets to ensure they are sufficiently stretching, and to alter performance metrics and targets if they are no longer considered a fair measure of performance (providing any new metrics and targets are not materially less challenging than the originals).

The committee has discretion to interpret the rules of any remuneration plan, and to determine the participation and level of the awards including the extent of vesting of awards under certain leaver situations. The committee also maintains discretion to adjust share awards in the event of a variation of capital, and to determine the treatment in the event of a corporate transaction, including whether incentives vest in full, or in part, or lapse completely, or are rolled over into replacement awards, and how any special dividend might be treated.

If there is required to be a material restatement of financial results (other than due to a change in accounting policy), misconduct or other action causing harm to the reputation of the company, the committee has the discretion to adjust, forfeit or clawback payments and awards in respect of a participant, a group of participants, or all participants.

End of remuneration policy (which is unchanged except for context to show the policy's application for the year under review) for the three-year period commencing from the 2014 AGM on 24 July 2014.

Annual report on remuneration

During the year ended 31 March 2015 and to the date of this report, committee members' attendance at meetings and details of the core agenda items discussed are shown below:

Meeting	Core agenda items	Members eligible to attend	Attended
May 2014	• Determine base pay of executive directors and executive committee members for the year ending 31 March 2015. • Consider and approve short-term incentive payments for the year ended 31 March 2014. • Consider and approve long-term incentive awards vesting in respect of the performance periods ended 31 March 2014. • 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 2015. • Approve long-term incentive awards to be granted in June 2014.	Lesley Knox (chairman) Mark Armour Guy Elliott John Manzoni	■ ■ □ ■
November 2014	• Review remuneration policy, practice, pay and conditions for employees across the group. • Approve (off-cycle) long-term incentive awards to selected employees below executive committee.	Lesley Knox (chairman) Mark Armour Guy Elliott John Manzoni	■ ■ ■ ■
March 2015	• Consider responses from annual shareholder consultations. • Monitor and assess progress towards performance goals.	Lesley Knox (chairman) Mark Armour Guy Elliott John Manzoni	■ ■ ■ ■
May 2015	• Determine base pay of executive directors and executive committee members for the year ending 31 March 2016. • Consider and approve short-term incentive payments for the year ended 31 March 2015. • Consider and approve long-term incentive awards vesting in respect of the performance periods ended 31 March 2015. • 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 2016. • Approve long-term incentive awards to be granted in June 2015.	Lesley Knox (chairman) Mark Armour Guy Elliott John Manzoni	■ ■ ■ ■

Guy Elliott was unable to attend the May 2014 committee meeting due to a long-standing commitment which had pre-dated his appointment to the committee.

During the year, John Manser, Alejandro Santo Domingo, Howard Willard and Jan du Plessis attended some committee meetings as observers. Also present, at the invitation of the committee, were Alan Clark (Chief Executive), John Davidson (General Counsel), Roger Fairhead (Group Compensation & Benefits Director) and Stephen Shapiro (Group Company Secretary), although none was present when his own remuneration was discussed.

Advisers to the remuneration committee

External advisers	Kepler Associates is appointed by the committee, following a competitive tender, to provide independent advice on remuneration matters including current market practices, incentive design, performance measures, and independent monitoring of TSR. The committee reviews the advice provided by Kepler Associates to satisfy itself that it is independent. Kepler Associates does not provide any other advice to the group, and fees are charged on a time basis. Total fees for support to the committee during the year ended 31 March 2015 were £62,675. Market data is sourced by the group compensation & benefits function from a number of consultancies, including Towers Watson, Mercer and Hay Group to provide context for the committee. Other than Kepler Associates, the provision of information to the committee by other providers is incidental to their main function of advising the group compensation & benefits function on the remuneration of employees outside the scope of this report.
Internal advisers	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, the Group Company Secretary, and the Group Compensation & Benefits Director also provide information and advice to the committee on legal, regulatory and governance issues, and on the pay and conditions for employees throughout the group.

Annual report on remuneration continued

Executive directors' emoluments for the year ended 31 March 2015 (audited)

The following payments were made to executive directors in respect of the year ended 31 March 2015. Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015. He continued to receive his contractual salary and benefits for the time he remained an employee up to 31 March 2015. Jamie was awarded a bonus for his service during the year, but his unvested share options, share awards and deferred shares were forfeited. His emoluments as a director (for the period from 1 April 2014 to 18 February 2015) and his emoluments as an employee (for the period from 19 February 2015 to 31 March 2015) are shown separately in the table below, with payments received upon ceasing employment shown on page 92 for full disclosure.

£'000	Base pay		Retirement benefits[1]		Other benefits[2]		Total fixed pay		Annual bonus (see page 86)		Long-term incentives (see pages 88 and 89)		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Alan Clark[3,4]	**1,133**	1,085	**340**	326	**59**	173	**1,532**	1,584	**1,098**	1,196	**4,442**	3,683	**7,072**	6,463
Jamie Wilson														
as a director	**676**	740	**203**	222	**91**	62	**970**	1,024	**409**	542	**608**	2,281	**1,987**	3,847
as an employee	**86**	–	**26**	–	**5**	–	**117**	–	**52**	–	**–**	–	**169**	–
	762	740	**229**	222	**96**	62	**1,087**	1,024	**461**	542	**608**	2,281	**2,156**	3,847

1 Retirement benefits consist solely of contributions to defined contribution arrangements. None of the directors have entitlements to defined benefit pensions in respect of their service as a director.

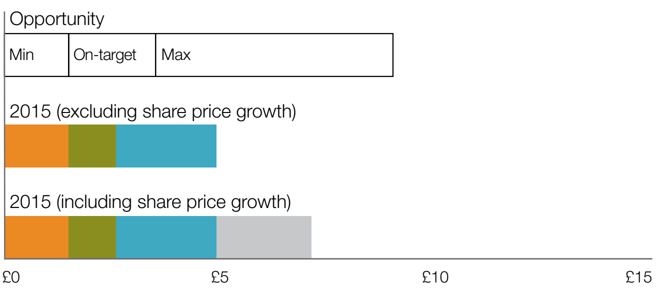
2 Other benefits include car allowance, family medical and dental insurance, long-term disability insurance, life insurance, accompanied travel, occasional overnight accommodation, legal and professional fees, and a beer allowance. Jamie Wilson also received a long-service award during the year of £31,758 (½ month's base pay) in recognition of 10 years' service in accordance with the group's policy for all UK employees.

3 Alan Clark was appointed as a director on 26 July 2012. The value of long-term incentives vesting by reference to performance periods ended 31 March 2015 and 31 March 2014 include those granted to him in respect of his services as an employee rather than as, or in contemplation of his appointment as, an executive director.

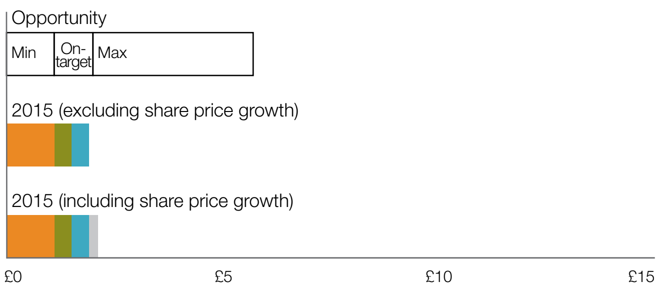
4 Alan Clark's other benefits reduced significantly for the year ended 31 March 2015, mostly due to the reduction in legal and professional fees compared with the prior year which included amounts in connection with his move to the UK.

The charts below show the remuneration opportunity for the year ended 31 March 2015 (using the same assumptions as the remuneration scenario charts on page 80), with actual remuneration being shown with and without the effect of share price growth over the performance periods. In the five years ended 31 March 2015, SABMiller's share price has increased by 82%.

Alan Clark
£m



Jamie Wilson
£m



Non-executive directors' emoluments for the year ended 31 March 2015 (audited)

£'000	Fees		Benefits[6]		Total	
	2015	2014	2015	2014	2015	2014
Mark Armour	**125**	123	**–**	–	**125**	123
Geoffrey Bible	**92**	92	**–**	–	**92**	92
Dinyar Devitre	**100**	100	**–**	–	**100**	100
Jan du Plessis[1]	**47**	n/a	**–**	n/a	**47**	n/a
Guy Elliott	**145**	36	**–**	–	**145**	36
Lesley Knox	**128**	124	**–**	–	**128**	124
Graham Mackay	**n/a**	286	**n/a**	31	**n/a**	317
John Manser	**650**	552	**–**	–	**650**	552
Trevor Manuel[2]	**7**	n/a	**–**	n/a	**7**	n/a
John Manzoni[3]	**62**	107	**–**	–	**62**	107
Miles Morland[4]	**32**	109	**–**	–	**32**	109
Dambisa Moyo	**105**	102	**–**	–	**105**	102
Carlos Peréz Dávila	**80**	80	**–**	–	**80**	80
Cyril Ramaphosa	**n/a**	29	**–**	–	**n/a**	29
Alejandro Santo Domingo Dávila	**80**	80	**–**	–	**80**	80
Helen Weir	**112**	100	**–**	–	**112**	100
Howard Willard[5]	**–**	–	**–**	–	**–**	–

1 Jan du Plessis was appointed to the board on 1 September 2014.

2 Trevor Manuel was appointed to the board on 1 March 2015.

3 John Manzoni announced his intention to step down as a director following the 2015 annual general meeting, and declined to accept his non-executive director's fee from the date of this announcement on 30 October 2014.

4 Miles Morland retired from the board on 24 July 2014.

5 Howard 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.

6 Non-executive directors do not participate in any of the company's incentive plans, nor do they receive retirement or other benefits, other than a beer allowance (the value of which was considerably less than £1,000 for the year ended 31 March 2015).

Base pay and non-executive directors' fees

Executive directors' base pay, and non-executive directors' fees, for the year ended 31 March 2015 and those for the year ending 31 March 2016 (annualised for ease of comparison), are as follows.

	Year ended 31 March 2015 £	Year ending 31 March 2016 £	Annualised % change
Executive directors			
Chief Executive	1,133,000	1,167,000	3.0
Chief Financial Officer	762,200	n/a[1]	n/a
Non-executive directors			
Non-executive Chairman's fee (inclusive of all committee fees)	650,000	650,000	–
Base fee[2]	80,000	85,000	6.3
Senior Independent Director (additional fee)	30,000	30,000	–
Committee chairman fee (inclusive)			
• Audit[2]	30,000	35,000	16.7
• Remuneration	28,000	28,000	–
• Nomination	25,000	25,000	–
• CARAC	25,000	25,000	–
Committee member fee (inclusive)			
• Audit	20,000	20,000	–
• Remuneration	15,000	15,000	–
• Nomination	–	–	–
• CARAC	12,000	12,000	–

1 The position of Chief Financial Officer as an executive director is currently vacant. The remuneration of any person appointed to this position will be set in accordance with the approved remuneration policy.

2 At its meeting on 12 May 2015 the board considered the level of non-executive directors' fees and resolved not to increase them for the year ending 31 March 2016, except for the base fee and for the audit committee chairman's fee, which had not been increased since 2012 and 2011 respectively and had fallen below the policy of around median for the FTSE-30.

Annual report on remuneration continued

Annual bonus

Outcome for the year ended 31 March 2015 (audited)

For the year ended 31 March 2015, the total bonus opportunity for executive directors was split:
- 60% annual financial performance; and
- 40% individual strategic objectives.

The performance measures and achievement against each target for the year ended 31 March 2015 are shown in the table below. The actual financial targets and detailed strategic objectives of the executive directors for the year ended 31 March 2015 have not been disclosed in this year's report in order to maintain commercial confidentiality in the competitive markets in which we operate. The board will review this position, and when the risk is no longer considered material, retrospective disclosure of the financial targets and strategic objectives will be made in a future annual report. In accordance with this principle, retrospective disclosure of achievement against targets for the year ended 31 March 2013 is shown on page 87.

Performance measure	Weighting	Achievement	Outcome	
			Alan Clark	Jamie Wilson
Financial performance targets:				
• NPR growth	15%	0%	0%	0%
• EBITA margin progression	15%	97%	14.5%	14.5%
• Adjusted EPS growth	15%	47%	7.0%	7.0%
• Free cash flow	15%	93%	13.9%	13.9%
	60%		**35.4%**	**35.4%**
	+		+	+
Strategic objectives:				
• Alan Clark	**40%**	50%	**20%**	
• Jamie Wilson		37.5%		**15%**
	=		=	=
Total (% of maximum bonus opportunity)	**100%**		**55.4%**	**50.4%**
			x	x
Maximum bonus opportunity (% of base pay)			**175%**	**120%**
			x	x
Base pay during the year			**£1,133,000**	**£676,453**
			=	=
Annual bonus			**£1,098,000**	**£409,100**

Alan Clark's strategic objectives included business integration project, category strategy implementation, succession planning and building executive capability, for which achievement during the year ended 31 March 2015 was rated as 50% of maximum.

Jamie Wilson's strategic objectives included cost optimisation project, business disposal, and planning process enhancements, for which achievement during the year ended 31 March 2015 was rated as 37.5% of maximum.

Retrospective disclosure of annual bonus targets for the year ended 31 March 2013

Performance measure	Weighting	Threshold (25%)	Target (50%)	Maximum (100%)	Achievement	Outcome		
						Graham Mackay	Alan Clark	Jamie Wilson
Financial performance targets:[1]								
• Adjusted EPS (US cents)	25%	214.8	235.7	256.2	238.2 (56%)	14.0%	14.0%	14.0%
• EBITA (US$m)	25%	6,022	6,480	6,928	6,409 (46%)	11.5%	11.5%	11.5%
• Working capital % revenue	10%	-0.8%	-1.3%	-2.3%	-1.6% (65%)	6.5%	6.5%	6.5%
	60%					**32%**	**32%**	**32%**
	+					+	+	+
Strategic objectives:								
• Graham Mackay					75%	**30%**		
• Alan Clark	**40%**				72.5%		**29%**	
• Jamie Wilson					75%			**30%**
	=					=	=	=
Total (% of maximum bonus opportunity)	**100%**					**62%**	**61%**	**62%**
						x	x	x
Maximum bonus opportunity (% of base pay)						**175%**	**150%**	**120%**
						x	x	x
Base pay during the year						**£1,295,000**	**£579,545**	**£720,000**
						=	=	=
Annual bonus						**£1,400,000**	**£530,000**	**£535,680**

[1] Targets and outcomes are shown using budgeted exchange rates for the relevant performance period with adjustments for unbudgeted acquisition and disposal activities during the year, to enable like-for-like comparison.

For the year ended 31 March 2013, each of the executive directors were rated for their contribution to the corporate centre cost optimisation project and budget cycle, market share expansion in Africa, global talent development and continued roll-out of global IT projects according to timetable and budget. Graham Mackay's and Jamie Wilson's contributions were rated at 75% of maximum, and Alan Clark's contribution was rated at 72.5% of maximum, recognising his appointment as an executive director, and contribution to some of these strategic objectives, part-way through the year ended 31 March 2013.

Performance measures for the year ending 31 March 2016

The financial performance measures and weightings that will determine 60% of the total bonus opportunity for the year ending 31 March 2016 are as follows.

Performance measure	Weighting
Financial performance targets:	
• NPR growth	20%
• EBITA margin progression	20%
• Working capital	20%
	60%

Achievement against each performance measure will be disclosed in next year's annual report and the targets and strategic objectives for the executive directors will be disclosed retrospectively, when the board considers them no longer to be commercially confidential.

Annual report on remuneration continued

Share option plan

Outcome for the year ended 31 March 2015 (audited)

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 a sustainable improvement in the group's underlying financial performance, additional performance conditions are applied before vesting of:

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

If these performance conditions are not met, the appropriate proportion of share options will lapse, and there is no opportunity for retesting.

The vesting of share options for the executive directors for the performance periods ended 31 March 2015 is shown in the table below, which for Alan Clark also includes share options granted in respect of services as an employee, rather than as, or in contemplation of appointment as, an executive director.

Performance conditions / period		Performance	Vesting	Outcome	
				Alan Clark	Jamie Wilson
Compound annualised adjusted EPS growth, expressed in sterling, of UK RPI plus a fixed percentage compounded	Threshold vesting: UK RPI + 3% pa	Maximum vesting: UK RPI + 5% pa			
Performance achieved: Five years ended 31 March 2015		UK RPI + 5.6% pa	100%	21,450 shares at £19.51[1]	–
Performance achieved: Three years ended 31 March 2015		UK RPI + 1.2% pa	nil	nil	–
Total number of share options vesting				**21,450**	**–**
Value at vesting				**£330,974**	**–**

[1] Vested 1 June 2015, share price = £34.94.

Performance conditions for share options granted in the year ending 31 March 2016 (audited)

Performance conditions		Performance targets
Compound growth in adjusted EPS – in constant currency	Threshold vesting: 6% pa	Maximum vesting: 11% pa
Proportion of share options vesting	25% of maximum	100% of maximum

Details of executive directors' share options awarded during the year are shown on page 93, and those outstanding at 31 March 2015 are shown on page 94.

Share award plan

Outcome for the year ended 31 March 2015 (audited)

Share awards comprise performance shares and value shares to incentivise and reward executives for achieving:

- long-term financial performance (adjusted EPS growth over three years) through the vesting of performance shares; and
- long-term external relative performance (TSR outperformance of the median of a comparator group over three, four and five years) through the vesting of value shares.

The number of shares which can be released under a value share award is dependent upon TSR outperformance compared with a comparator group (identified on page 90) so that:

- at median or below median TSR performance, no shares will vest; but
- for every £10 million of additional shareholder value created above the median, a pre-determined fixed number of shares will vest.

The table below shows the vesting of the performance shares and value shares for the year ended 31 March 2015.

Performance conditions / period		Performance	Vesting/ multiplier	Outcome	
				Alan Clark	Jamie Wilson
Performance shares: Compound growth in adjusted EPS	Threshold vesting: 6% pa	Maximum vesting: 11% pa			
Performance achieved: Three years ended 31 March 2015		3.8% pa	nil	nil	nil
TSR outperformance: 5 years ended 31 March 2015		36.052% outperformance x £27,746m capitalisation = £10,003m additional value	115 x £10,003m/ £10m	115,034 shares[1,2]	–
TSR outperformance: 3.2 years ended 31 May 2014		16.005% outperformance x £33,485m capitalisation = £5,359m additional value	100 x £5,359m/ £10m	–	17,866 shares[3]
Total number of shares vesting				**115,034**	**17,866**

Value at vesting (including share price growth)	**£4,111,315**	**£607,905**
Value at vesting (excluding share price growth)[4]	£2,244,313	£401,896

1 Vested 29 May 2015, share price = £35.74.

2 This award was made to Alan Clark in June 2010 when he was Managing Director of SABMiller Europe and was not made in respect of his services, or in contemplation of his appointment, as an executive director, but is nevertheless disclosed for completeness, although not required to be disclosed by the regulations.

3 In accordance with the plan rules, value shares awarded before 2013 may be released from the third anniversary of the award date, but a proportion of the shares are deferred. If released before the fourth anniversary, two-thirds are deferred; and if released after the fourth but before the fifth anniversary, one-half are deferred. Accordingly, when Jamie Wilson's value share award granted on 1 June 2011 was released on 20 June 2014, two-thirds of the resulting shares were deferred, with only one-third of the shares (17,866 shares) vesting at that time. The share price at vesting was £34.0258. Subsequently, when Jamie ceased to be an employee on 31 March 2015, his deferred shares were forfeited.

4 Share price at award dates are shown on page 95.

Annual report on remuneration continued

Performance conditions for share awards granted in the year ending 31 March 2016 (audited)

The performance condition and performance target for performance share awards granted to executive directors in the year ending 31 March 2016 are:

Performance conditions		Performance targets
Compound growth in adjusted EPS – in constant currency	Threshold vesting: 6% pa	Maximum vesting: 11% pa
Proportion of performance shares vesting	25% of maximum	100% of maximum

The performance condition for value share awards granted in the year ending 31 March 2016 remains TSR outperformance of the median of a comparator group. The comparator group was changed for performance periods commencing from 2014 to include other companies in the wider consumer goods categories considered to be more relevant comparators than some of the smaller scale, regional, beer, and alcoholic beverage companies in the previous comparator group.

	Weighting of comparator group constituents for awards granted:	
	2010 to 2013	from 2014
Anheuser-Busch InBev	21%	20%
Heineken	21%	20%
Molson Coors Brewing Co	11%	–
Carlsberg	11%	10%
Diageo	11%	10%
Pernod-Ricard	5%	10%
Kirin Holdings	5%	10%
Asahi Breweries	5%	–
Constellation Brands	5%	–
Sapporo Holdings	5%	–
The Coca-Cola Company	–	5%
Nestlé	–	5%
Unilever	–	5%
Mondelez	–	5%
	100%	**100%**

Details of executive directors' performance shares and value shares awarded during the year ended 31 March 2015 are shown on page 93, and those outstanding at 31 March 2015, are shown on page 95.

Total shareholdings of directors (audited)

The total shareholdings and shareholding requirements at 31 March 2015 are shown in the table below.

	Shares held[1]			Options held (see table on page 94)			
Executive director	Owned outright (see table below)	Subject to performance conditions (see table on page 95)	Subject to deferral	Owned outright (vested and exercisable)	Subject to performance conditions	Shares owned outright as % of annualised base pay at 31 March 2015 @ £35.40 (or date of ceasing to be a director if earlier on 18 February 2015 @ £35.545)	Shareholding requirement
Alan Clark[2]	298,764	245,434	–	715,401	533,767	933%	300%
Jamie Wilson[3]	68,872	–	–	–	–	321%	200%

[1] The numbers of shares shown in the table above include those held by connected persons.

[2] As a result of shares retained from awards vested in respect of the year ended 31 March 2015, but not received until after the year end, Alan Clark owned 362,960 shares outright at 2 June 2015, equivalent to 1,134% of base pay.

[3] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015 and accordingly all of his unvested share options, share awards and deferred shares were forfeited. The table shows his shareholdings at 18 February 2015.

The company maintains a periodically updated table on its website, showing the shareholdings of the directors in accordance with the recommendation made by the GC100 and Investor Group.

Directors' interests in shares of the company (audited)

Director	Ordinary shares held at 31 March 2014 (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 2015 (or date of ceasing to be a director if earlier)[10]
Alan Clark[1]	227,644	132,443	61,323	298,764
Jamie Wilson[2]	17,321	175,023	123,472	68,872
Mark Armour	3,000	–	–	3,000
Geoffrey Bible[3]	89,250	3,500	–	92,750
Dinyar Devitre[4]	30,000	1,125	–	31,125
Jan du Plessis[5]	–	30,000	–	30,000
Guy Elliott	2,000	–	–	2,000
Lesley Knox	3,000	–	–	3,000
John Manser[6]	5,000	3,000	–	8,000
Trevor Manuel	–	–	–	–
John Manzoni[7]	7,434	818	–	8,252
Miles Morland[8]	50,000	–	–	50,000
Dambisa Moyo	386	–	–	386
Carlos Peréz Dávila	–	–	–	–
Alejandro Santo Domingo Dávila	–	–	–	–
Helen Weir[9]	300	4	–	304
Howard Willard	–	–	–	–

[1] Alan Clark had awards vested and exercised options in respect of 132,443 shares during the year ended 31 March 2015, selling 61,323 shares to pay the subscription price and to settle the resulting tax liability, and retaining the balance of the shares beneficially.

[2] Jamie Wilson had awards vested in respect of 174,854 shares during the year ended 31 March 2015, selling 123,472 shares to pay the subscription price and to settle the resulting tax liability or otherwise disposed of, and retaining the balance of the shares beneficially. He also purchased 169 shares on 8 July 2014 at a price of £33.74 per share. Jamie Wilson stepped down as a director on 18 February 2015, and his interest in shares is shown at that date.

[3] Geoffrey Bible acquired 2,500 shares on 19 January 2015 at a price of £33.893 per share. The S.C.M. Bible Revocable Trust, a connected person, acquired 1,000 shares on 19 January 2015 at a price of £33.893 per share.

[4] Dinyar Devitre acquired 1,125 shares on 27 June 2014 at a price of £33.595 per share.

[5] Jan du Plessis was appointed as a non-executive director on 1 September 2014 and acquired 30,000 shares on 1 September 2014, at a price of £33.125 per share.

[6] John Manser acquired 3,000 shares on 27 August 2014 at a price of £33.118 per share.

[7] John Manzoni 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 363 shares on 25 June 2014 at a price of £33.505 per share and 455 shares on 25 September 2014 at a price of £34.84 per share. The trading plan remained in place until 30 October 2014 when he declined to accept further non-executive directors fees, following his announcement of his intention to step down as a director following the 2015 annual general meeting.

[8] Miles Morland retired as a non-executive director on 24 July 2014, and his interest in shares is shown at that date.

[9] Helen Weir acquired 1 share on 11 June 2014 at a price of £33.89, 2 shares on 11 September 2014 at a price of £34.288 per share and a further 1 share on 11 September 2014 at a price of £34.278 under a privately-arranged dividend reinvestment plan.

[10] On 29 May 2015, Alan Clark's beneficial holding increased by 64,196 shares following the release to him of 115,034 shares as the result of the vesting of his 2010 value share award, with Alan selling 50,838 shares to settle the resulting tax liability and retaining the balance of shares beneficially. There have been no other changes in the directors' beneficial interests at 2 June 2015.

During the year ended 31 March 2015 the highest and lowest market prices for the company's shares were £38.57 and £29.545 respectively, and the closing market price on 31 March 2015 was £35.40.

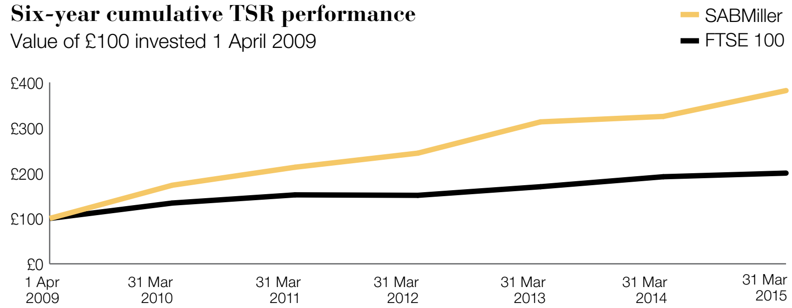
Annual report on remuneration continued

Performance review

In accordance with the regulations, the company is required to include a line graph showing the company's TSR performance compared with an appropriate broad equity market index for the preceding six years. The chart below compares the company's TSR with the FTSE 100 Total Return Index over the period from 1 April 2009 to 31 March 2015, 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.

Six-year cumulative TSR performance

Value of £100 invested 1 April 2009



Note: Spot prices

Year Incumbent	2009 Graham Mackay	2010 Graham Mackay	2011 Graham Mackay	2012 Graham Mackay	2013 Graham Mackay	2014 Alan Clark	2015 Alan Clark
Total remuneration 'single figure' (£'000)	3,752	8,515	12,713	13,728	13,910	6,463	7,072
Annual variable pay (as a % of maximum)	46%	79%	85%	77%	62%	63%	55%
LTI vesting (as a % of maximum)	69%	100%	98%	100%	100%	87%	37%

Percentage change in remuneration for the Chief Executive compared with other employees

The table below shows the percentage change in remuneration for the Chief Executive from the prior year, compared with a comparator group of other employees of the SABMiller group based in the UK over the same time period. Given the global nature of SABMiller's operations and the diverse pay markets in which our employees operate, the UK employees were deemed to provide the most appropriate comparator to the Chief Executive, who is also UK-based.

	Salary and fees (annualised)	Taxable benefits	Annual cash bonus
Chief Executive (% change)	+3.0%	-66%	-8.2%
UK employees (% change)	+3.0%	0%	+14.2%

Alan Clark's taxable benefits reduced by 66% for the year ended 31 March 2015, mostly due to the reduction in legal and professional fees compared with the prior year which included amounts in connection with his move to the UK. There has been no change in the value of taxable benefits for UK employees, with premiums for insured benefits unchanged.

Payments to past directors and payments for loss of office (audited)

There were no payments to past directors, termination payments or payments for loss of office during the year. Shortly after ceasing to be an employee on 31 March 2015, Jamie Wilson (formerly Chief Financial Officer) received the following:

- a payment of £762,200 representing his base pay in lieu of notice for his contractual notice period of 12 months, subject to mitigation and to his not taking up employment during this period without the consent of the Chief Executive;
- a payment of £17,150 representing his car allowance for his contractual notice period of 12 months;
- a payment of £228,660 equal to 30% of his base pay in lieu of pension contributions; and
- family medical and dental insurance during his contractual notice period.

Relative importance of expenditure on pay

The table below sets out the remuneration paid to or receivable by all employees, in the years ended 31 March 2015 and 31 March 2014 compared with distributions to shareholders. The variation in total employee pay is a function of the number of employees and the percentage changes in their remuneration in the countries in which they are employed, and the depreciation of key currencies against the US dollar during the year.

	2015 US$m	2014 US$m	% change
Total employee pay	2,491	2,501	-0.4%
Dividends to shareholders	1,705	1,640	+4.0%

Scheme interests awarded during the year (audited):

On 2 June 2014, the following share options were granted and share awards conditionally allocated to executive directors, subject to the achievement of the relevant performance conditions as disclosed on pages 94 and 95.

Executive director	Award type	Number of share options/ conditional shares	Face value of share options and shares[1]	Face value of share options and shares as percentage of annualised base pay	Percentage achievable if minimum performance is achieved	Latest performance period ending
Alan Clark	Share options	101,081	£3,346,792	295%	65% at threshold	31 Mar 2017
	Share options	49,786	£1,648,414	145%	65% at threshold	31 Mar 2019
	Performance shares	75,434	£2,497,620	220%	25% at threshold	31 Mar 2017
	Value shares	125	£4,139 per £10m of additional shareholder value		Nil at median or below	31 Mar 2019
Jamie Wilson	Share options	61,371	£2,031,994	267%	76.6% at threshold	31 Mar 2017
	Share options	30,227	£1,000,816	131%	76.6% at threshold	31 Mar 2019
	Performance shares	45,799	£1,516,405	199%	25% at threshold	31 Mar 2017
	Value shares	75	£2,483 per £10m of additional shareholder value		Nil at median or below	31 Mar 2019

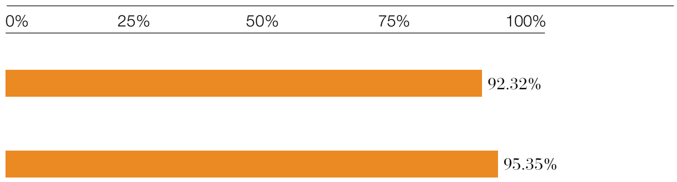
[1] The face value of share options and performance shares has been calculated by multiplying the maximum number of shares under option and the maximum number of shares possible to vest by the share price on the date of grant, being £33.11 on 2 June 2014.

[2] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015, and accordingly all of the share awards granted to him on 2 June 2014 (and shown in the table above) were forfeited.

Statement of 2014 shareholder voting

The table below sets out the result of the vote on the directors' remuneration policy and the annual report on remuneration at the 2014 annual general meeting.

	Votes for	Votes against	Votes withheld
Remuneration policy	1,111,025,026	92,388,744	178,551,996
	92.32%	7.68%	
Annual report on remuneration	1,306,944,944	63,792,082	11,228,741
	95.35%	4.65%	



Annual report on remuneration continued

Share options (audited)

Director	Exercisable for 3-10 years from	Performance period (year ending 31 March)	Subscription price £	Outstanding as at 31 March 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2015	Vested and exercisable as at 31 March 2015	Sale price/ market price (if applicable) £
Alan Clark[1]	20 May 2005	Vested	8.28	69,746	–	69,746	–	–	–	£34.658[2]
	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	100,000	–	–	–	100,000	100,000	
	1 Aug 2008	Vested	10.49	50,000	–	–	–	50,000	50,000	
	15 May 2009	Vested	12.31	125,250	–	–	–	125,250	125,250	
	15 May 2009	Vested	12.31	24,750	–	–	–	24,750	24,750	
	1 Jun 2010	Vested	19.51	108,550	–	–	–	108,550	108,550	
	1 Jun 2010	5 years (2015)	19.51	21,450	–	–	–	21,450	–	
	1 Jun 2011	Vested	22.495	65,000	–	–	–	65,000	65,000	
	1 Jun 2011	Vested	22.495	43,550	–	–	1,699	41,851	41,851	
	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	–	
	3 Jun 2013	3 years (2016)	33.30	93,800	–	–	–	93,800	–	
	3 Jun 2013	5 years (2018)	33.30	46,200	–	–	–	46,200	–	
	2 Jun 2014	3 years (2017)	33.11	–	101,081	–	–	101,081	–	
	2 Jun 2014	5 years (2019)	33.11	–	49,786	–	–	49,786	–	
				1,169,746	**150,867**	**69,746**	**1,699**	**1,249,168**	**715,401**	
Jamie Wilson[5]	20 May 2005	Vested	8.28	3,623	–	3,623	–	–	–	£33.978[3]
	1 Jun 2010	Vested	19.51	13,000	–	13,000	–	–	–	£33.978[3]
	1 Jun 2011	Vested	22.495	67,000	–	64,387	2,613	–	–	£33.978[3]
	1 Jun 2011	5 years (2016)	22.495	33,000	–	–	33,000	–	–	
	1 Dec 2011	Vested	22.40	33,500	–	32,193	1,307	–	–	£34.525[4]
	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	–	–	
	3 Jun 2013	3 years (2016)	33.30	56,950	–	–	56,950	–	–	
	3 Jun 2013	5 years (2018)	33.30	28,050	–	–	28,050	–	–	
	2 Jun 2014	3 years (2017)	33.11	–	61,371	–	61,371	–	–	
	2 Jun 2014	5 years (2019)	33.11	–	30,227	–	30,227	–	–	
				401,623	**91,598**	**113,203**	**380,018**	**–**	**–**	

[1] On 1 June 2015, Alan Clark was granted an option over 147,253 shares at an exercise price of £34.94 per share, subject to the performance conditions listed below.

[2] On 25 September 2014 Alan Clark exercised an option to purchase 69,746 shares at an option price of £8.28 per share. 34,334 shares were sold at a price of £34.658 per share with the proceeds being used to pay the subscription price and to meet applicable income tax and social security charges. The balance of the shares were retained by him beneficially.

[3] On 2 July 2014 Jamie Wilson exercised options to purchase 3,623 shares at an option price of £8.28 per share, 13,000 shares at an option price of £19.51 per share, and 64,387 shares at an option price of £22.495 per share. 62,132 shares were sold at a price of £33.978 per share to pay the subscription prices and to meet applicable income tax and social security charges or otherwise disposed of. The balance of the shares were retained by him beneficially.

[4] On 27 January 2015 Jamie Wilson exercised an option to purchase 32,193 shares at an option price of £22.40 per share. All of the shares were sold on that date at a price of £34.525.

[5] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015, and accordingly all of his unvested share options were forfeited.

Share options granted to executive directors before 2014 have a performance condition that requires compound annualised adjusted EPS growth, expressed in sterling, of:
- UK RPI + 3% per annum for any of the share options to vest; and
- UK RPI + 5% per annum for full vesting.

Share options granted to executive directors from 2014 have a performance condition that requires compound growth in adjusted EPS in constant currency of:
- 6% per annum for any of the share options to vest; and
- 11% per annum for full vesting.

Performance shares (audited)

Director	Award date	Performance period (year ending 31 March)	Share price at award date £	Outstanding as at 31 March 2014	Awarded during the year	Released during the year	Lapsed during the year	Outstanding as at 31 March 2015	Share price/ market price £
Alan Clark[1]	15 May 2009	Vested	12.31	24,750	–	24,750	–	–	£32.27
	1 Jun 2011	Vested	22.495	65,000	–	37,947	27,053	–	£33.11
	1 Jun 2012	3 year (2015)	23.95	100,000	–	–	–	100,000	
	3 Jun 2013	3 year (2016)	33.30	70,000	–	–	–	70,000	
	2 Jun 2014	3 year (2017)	33.11	–	75,434	–	–	75,434	
				259,750	**75,434**	**62,697**	**27,053**	**245,434**	
Jamie Wilson[2]	1 June 2011	Vested	22.495	50,000	–	29,190	20,810	–	£33.11
	1 Dec 2011	Vested	22.40	25,000	–	14,595	10,405	–	£35.64
	1 Jun 2012	3 year (2015)	23.95	75,000	–	–	75,000	–	
	3 Jun 2013	3 year (2016)	33.30	42,500	–	–	42,500	–	
	2 Jun 2014	3 year (2017)	33.11	–	45,799	–	45,799	–	
				192,500	**45,799**	**43,785**	**194,514**	**–**	

[1] On 1 June 2015, Alan Clark was granted a performance share award over 73,627 shares, subject to achieving the EPS-related performance condition listed below.

[2] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015, and accordingly all of his unvested performance share awards were forfeited.

For performance share awards granted from 2011 onwards, the performance condition is compound growth in adjusted EPS (from 2014 onwards, in constant currency) of:
- 6% per annum for any performance shares to vest; and
- 11% per annum for full vesting.

Value shares (audited)

Director	Award date	Share price at award date £	Outstanding as at 31 March 2014 (shares per £10m of additional shareholder value)	Awarded during the year (shares per £10m of additional value)	Released during the year (shares per £10m of additional value)	Lapsed during the year (shares per £10m of additional value)	Outstanding as at 31 March 2015 (shares per £10m of additional value)	Earliest possible release date	Final vesting date	Share price/ market price £
Alan Clark[1]	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	
	3 Jun 2013	33.30	125	–	–	–	125	3 Jun 2016	3 Jun 2018	
	2 Jun 2014	33.11	–	125	–	–	125	2 Jun 2017	2 Jun 2019	
			530	**125**	**–**	**–**	**655**			
Jamie Wilson[2,3]	1 Jun 2011	22.495	100	–	100	–	–	1 Jun 2014	1 Jun 2016	£34.028
	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	
	3 Jun 2013	33.30	75		–	75	–	3 Jun 2016	3 Jun 2018	
	2 Jun 2014	33.11	–	75		75	–	2 Jun 2017	2 Jun 2018	
			335	**75**	**100**	**310**	**–**			

[1] On 1 June 2015 Alan Clark was conditionally awarded 125 value shares of which one-third are capable of vesting for every £10 million of additional shareholder value created over three, four and five-year performance periods commencing 1 April 2015.

[2] On 20 June 2014 Jamie Wilson's value share award granted on 1 June 2011 was released to him. As explained on page 89, this resulted in 17,866 shares being released, with 8,398 shares sold at a price of £34.028 per share to meet applicable tax and social security charges. The balance of the shares were retained by him beneficially. The 35,724 shares comprising the remaining two-thirds of the award were deferred, and were subsequently forfeited when Jamie stepped down as a director on 18 February 2015.

[3] Jamie Wilson stepped down as a director on 18 February 2015 and ceased to be an employee on 31 March 2015, and accordingly all of his unvested value share awards were forfeited.

The number of shares which can be released under a value share award is dependent upon TSR outperformance compared with the median of a comparator group (identified on page 90) over three, four and five-year performance periods:
- at median or below median TSR performance, no shares will vest; and
- for every £10 million of additional shareholder value created, a pre-determined fixed number of shares will vest (as set out in the table above).

Annual report on remuneration continued

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 0.5% 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 99.5% of the additional value created accruing to shareholders.

Value share awards granted before 2013 vest on the fifth anniversary of the grant date, subject to TSR outperformance, 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 outperformance 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 share awards granted from 2013 vest one-third on each of the third, fourth and fifth anniversaries of the grant date respectively. Any shares are then released, based on TSR outperformance to the preceding 31 March. 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.

At 31 March 2015, TSR outperformance, additional shareholder value created, and the indicative value of shares capable of vesting for the highest paid executive (Alan Clark) were:

	Performance period commencing				
	1 April 2010	1 April 2011	1 April 2012	1 April 2013	1 April 2014
SABMiller's TSR to 31 March 2015	120.721%	79.584%	56.644%	22.030%	17.654%
Comparator group median TSR to 31 March 2015	84.669%	76.101%	65.969%	16.289%	15.022%
Outperformance	36.052%	3.483%	nil	5.741%	2.632%
SABMiller market capitalisation *(at commencement of the performance period)*	£27,746m	£33,485m	£37,639m	£47,580m	£48,459m
Additional shareholder value created	£10,003m	£1,166m	nil	£2,731m	£1,275m
Value of shares capable of vesting (at £35.40 per share)	£4.1m	£0.47m	nil	£1.2m	£0.56m
Value of shares as % of additional shareholder value created	0.04%	0.04%	–	0.04%	0.04%

Approval

This report complies with the requirements of the regulations. Those parts of the report that are subject to audit are identified separately.

This report and the recommendations of the committee were approved by the board on 2 June 2015 as recommended by the committee on 11 May 2015 and will be submitted to shareholders for approval at the 2015 annual general meeting.

Signed on behalf of the board of directors by

Stephen Shapiro
Group Company Secretary
2 June 2015

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 2015.

Much of the information previously provided as part of the directors' report is now required to be presented as part of the strategic report, which includes a description of the principal risks and uncertainties we face, our development and performance during the year, our position at the end of the year, key performance indicators, and information relating to environmental matters, employee matters and social, community, and human rights issues.

The directors' report includes information required under the Companies Act 2006, the Listing Rules and the Disclosure and Transparency Rules.

For the purposes of compliance with the Disclosure and Transparency Rules, the strategic report and this directors' report, including those sections of the annual report incorporated by reference, constitute a management report.

Directors

The names and biographical details of the current directors are set out on pages 52 and 53. All the current directors served throughout the period, except Jan du Plessis, who was appointed as a director on 1 September 2014, and Trevor Manuel who was appointed as a director on 1 March 2015. Miles Morland served as a director until his retirement on 24 July 2014 and Jamie Wilson until 18 February 2015. As detailed in our corporate governance report, it is intended that at our annual general meeting on 23 July 2015: Javier Ferrán will join the board as an independent non-executive director; Dave Beran will join the board as a non-executive director nominated by Altria and John Manser, John Manzoni and Howard Willard will retire. 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 74 to 96.

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 56 to 69, in the audit committee report on pages 70 to 73 and in the directors' remuneration report on pages 74 to 96.

Share capital

Details of the issued share capital and movement in it during the year are provided in note 25 to the consolidated financial statements.

During the year 2,848,471 ordinary shares were purchased by the trustee of the SABMiller Employees' Benefit Trust (EBT) (at an average price of £33.32 per share) which amounted to 0.17% of the issued ordinary shares of the company and we transferred a further 3,500,000 ordinary shares from treasury to the trustee of EBT, in order to ensure that the trustee of EBT continued to hold sufficient ordinary shares to meet expected future obligations in respect of performance share awards under the Share Award Plan.

Annual general meeting

Our 2015 annual general meeting will be held at the InterContinental London Park Lane, One Hamilton Place, London W1V 7QY, UK at 11.00am on Thursday 23 July 2015. Copies of the notice of this meeting may be obtained from our website.

Dividends

An interim dividend of 26 US cents per share was paid to shareholders on 5 December 2014 in respect of the year ended 31 March 2015. Details of the final dividend proposed by the board for the year ended 31 March 2015 are set out below:

Amount of final dividend proposed by the board:
- 87 US cents per share.

Total proposed dividend for the year ended 31 March 2015:
- 113 US cents per share.

If approved, the final dividend will be payable to shareholders on either section of the register on 7 August 2015 in the following way:

Dividend payable on:
14 August 2015.

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); and
- Pounds sterling – to all other shareholders on the UK section of the register.

Ex-dividend dates:
- 3 August 2015 for shares traded on the JSE Limited, South Africa.
- 6 August 2015 for shares traded on the London Stock Exchange (LSE).

The rate of exchange for conversion from US dollars will be calculated on 22 July 2015 and published on the RNS of the LSE and the SENS of the JSE Limited on 23 July 2015.

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.

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 2 June 2014. This authority is due to expire at the earlier of the next annual general meeting or 24 October 2015, 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.

Directors' report continued

Political donations

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$16,305. All CUB expenditure related to participation and attendance at public policy events. CUB also donated Crown Ambassador products to the value of US$523 to the Liberal Party of Victoria. CUB does not provide stand-alone cash to any political party. Donations of this nature in Australia are an accepted part of the socio-political environment.

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 the support of multi-party democracy.

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 distribution of real time news through our intranet, which is available to 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 a mix of channels such as newsletters, employees' boards, meetings 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 46 to 49 gives an overview of the progress of the implementation of our new sustainable development ambition, Prosper, and of the impact of our business on the environment. More detailed information is provided in our 2015 sustainable development report, 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.

Greenhouse gas emissions

Disclosures concerning greenhouse gas emissions required by law are included in the strategic report, on page 48.

Overseas branches

SABMiller plc does not have any branches registered overseas.

Substantial shareholdings

As at 2 June 2015, 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[1]
Altria Group, Inc.	29 June 2012	430,000,000	26.99
BevCo Ltd.	2 June 2014	225,000,000	13.99
Public Investment Corporation	11 March 2015	50,780,462	3.14

The Companies Act 2006 requires disclosure of persons with significant direct or indirect holdings of securities as at the year end. At the year end we were aware of the following shareholdings of 3.00% or more:

	Percentage of issued share capital[1]
Altria Group, Inc.	26.60
BevCo Ltd	13.92
Public Investment Corporation	3.43
BlackRock Inc.	3.11

[1] Excluding shares held in treasury.

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 has also been granted an indemnity, on similar terms, covering his role as group company secretary of the company, and as a director 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.

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 21 to the consolidated financial statements.

Future developments

Details of likely future developments in the business of the group are included in the strategic report.

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 2015 our employees' benefit trusts held 8,997,945 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 2015 there were no shares beneficially owned by a participant in our employees' benefit trusts.

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 56 to 69, 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 orderly marketing processes applicable in relation to any 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 our 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.

Directors' report continued

Going concern
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 2016, and the application of reasonably possible sensitivities associated with these forecasts. On the basis of this review, and in 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.

Directors' responsibility statement
The directors are responsible for preparing the annual report, the directors' remuneration report and the 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the company and group and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the company and consolidated financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A copy of the consolidated and company financial statements is placed on the company's website. The directors are responsible for the maintenance and integrity of the statutory and audited information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Each of the directors, whose names and functions are listed on pages 52 and 53 of this annual report, confirms that, to the best of his or her knowledge:

- the consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, the Companies Act 2006 and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the management report contained in this 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.

The directors in office at the date of this report have each confirmed that:

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

Post balance sheet events
In May 2015 we entered into an agreement to acquire Meantime Brewing Company. The acquisition of the London-based modern craft brewer is expected to complete in June 2015.

Stephen Shapiro
Group Company Secretary
For and on behalf of the board of SABMiller plc
2 June 2015

In accordance with Listing Rule 9.8.4 R the table below gives the location of information required by that Rule to be included in the annual report and accounts.

Listing Rule	Information	Location
LR 9.8.4 (1)	Amount of interest capitalised and amount and treatment of tax relief.	Not applicable: no interest capitalised.
LR 9.8.4 (2)	Information required by Listing Rule 9.2.18 regarding the prior publication of unaudited financial information.	Not applicable: no relevant information published in advance of this annual report and accounts.
LR 9.8.4 (3)	Rule deleted.	Not applicable.
LR 9.8.4 (4)	Long-term incentive schemes where the only participant is a director or prospective director of the company and the arrangement is established specifically to facilitate the recruitment or retention of the director.	Not applicable: no such arrangements exist.
LR 9.8.4 (5)	Arrangements under which a director has waived or agreed to waive emoluments from the company or any subsidiary undertaking.	In accordance with our agreement with Altria, Howard Willard, as an executive director of Altria, did not receive a director's fee from SABMiller (see page 85). John Manzoni declined to accept his director's fees with effect from 30 October 2014, when he announced his intention to retire from the board on 23 July 2015.
LR 9.8.4 (6)	Agreements with a director to waive future emoluments.	Not applicable: no such agreement exists.
LR 9.8.4 (7)	Details of shares allotted during the period under review which have not been allotted to existing shareholders in proportion to their shareholdings and which have not been specifically authorised by the company's shareholders.	Not applicable: the only shares that have been allotted during the period have been to satisfy the exercise of options under various share incentive plans as approved by the company's shareholders. See note 25 to the consolidated financial statements for further details of these allotments.
LR 9.8.4 (8)	Shares allotted in major subsidiary undertakings during the period under review which have not been allotted to existing shareholders in proportion to their shareholdings.	Not applicable: no individual subsidiary is a major subsidiary undertaking as defined by the Listing Rules.
LR 9.8.4 (9)	Details of any parent undertaking's participation in any placing during the period under review.	Not applicable: SABMiller does not have a parent undertaking.
LR 9.8.4 (10)	Details of any contract of significance (as defined by the Listing Rules) existing between SABMiller, or any of its subsidiaries, in which either a director is materially interested or one of the parties is a controlling shareholder of SABMiller.	Not applicable: no such contract of significance exists.
LR 9.8.4 (11)	Details of any contract for the provision of services to SABMiller, or any of its subsidiaries, by a controlling shareholder.	Not applicable: SABMiller does not have a controlling shareholder.
LR 9.8.4 (12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends.	The trustees of the two employee benefit trusts have elected to waive dividends, except in circumstances where they may be holding shares beneficially owned by participants. See notes 9 and 26 to the consolidated financial statements.
LR 9.8.4 (13)	Details of any arrangement under which a shareholder has agreed to waive future dividends.	As noted above the trustees of the two employee benefit trusts have elected to waive dividends, except in circumstances where they may be holding shares beneficially owned by participants. See notes 9 and 26 to the consolidated financial statements.
LR 9.8.4 (14)	Agreements with any controlling shareholder.	Not applicable: SABMiller does not have a controlling shareholder.

Independent auditors' report to the members of SABMiller plc

Report on the financial statements

Our opinion
In our opinion:

- SABMiller plc's consolidated financial statements and company financial statements (the financial statements) give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the consolidated financial statements, Article 4 of the IAS Regulation.

What we have audited
SABMiller plc's financial statements comprise:

- the consolidated and company balance sheets as at 31 March 2015;
- the consolidated income statement and the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach
Overview

Materiality	Overall group materiality: US$250 million based on 5% of the consolidated profit before tax and before exceptional items.
Audit scope	The group is structured into five geographic segments and one corporate segment. Each geographic segment is a consolidation of a number of country-based operating businesses. We identified three segments (Latin America, Africa and Corporate), three country-based operating businesses (Poland, Czech Republic and Australia) and one joint venture (MillerCoors) which, in our view, required an audit of their complete financial information. Specific procedures were also performed on certain of the group's associates (Castel, CR Snow and Anadolu Efes).
Areas of focus	• Recoverability of the carrying value of the Australian cash generating unit (CGU) • Impairment of the carrying value of the Indian CGU • Provisions for uncertain tax positions • The classification of exceptional items

The scope of our audit and our areas of focus
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, and in accordance with ISAs (UK & Ireland), we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Recoverability of the carrying value of the Australian CGU	
Refer to the audit committee review of areas of significant judgement (page 71) and goodwill note 10. As required by applicable accounting standards in relation to goodwill, management conducts an impairment review on an annual basis to identify if the recoverable amount of the Australian CGU is less than its carrying value, indicating that the goodwill and associated assets may be impaired. Management determines the recoverable amount of the Australian CGU based on the use of a discounted cash flow model involving five-year projections with a terminal value. Key assumptions within this model include net producer revenue (NPR) and associated estimates of short-term EBITA growth, long-term growth rate, and discount rate. We specifically focused on the Australian CGU given the size of the goodwill balance, and because the assessment of value involves subjective judgements which are highly sensitive to small changes in assumptions. Furthermore, the Australian beer market is in decline, with negative growth in the last two years. This has impacted the group's ability to grow the business at the rate envisaged within the acquisition business case and resulted in decreased headroom between the recoverable amount of the Australian CGU and its carrying value compared with the prior year.	We assessed the appropriateness of using fair value less cost to dispose (FVLCD) as the basis for determining the recoverable amount and verified the mathematical accuracy of the cash flow model used to estimate FVLCD. We considered the accuracy of management's forecasting process by comparing budgeted results to actual performance of the Australian business since acquisition. We assessed the consistency of the assumptions used in management's cash flow forecasts with those a market participant would use when valuing the business. As part of this process we disaggregated and understood the individual cash flow components such as developments in the Australian beer category, Carlton and United Breweries' market share, the drivers of NPR growth projections such as price and mix, costs and the resultant EBITA forecasts. This included comparing inputs to the business's own forecasts based on latest internal board approved budgets and external market data. We also assessed in greater detail the underlying assumptions within the forecast for the year ending 31 March 2016 including NPR and associated EBITA, and evaluated the risks associated with achieving the forecast, which provided data points on which to sensitise management's assumptions over the first five years of the model. We compared the discount and long-term growth rate used with market information and confirmed that they all fall within a range of external data. We satisfied ourselves that the assumptions used in determining the recoverable amount are reasonable. We also considered the EBITDA multiple implied by management's estimate and confirmed that it falls within a range of independently derived data. Our sensitivity analysis highlighted that small movements in the key assumptions have a significant impact on the estimated recoverable amount of the Australian CGU. Under a number of reasonably possible downside scenarios headroom is removed and an impairment is indicated. We satisfied ourselves that this was appropriately highlighted within the disclosures in note 10.
Impairment of the carrying value of the Indian CGU	
Refer to the audit committee review of areas of significant judgement (page 71) and goodwill note 10. As part of the required annual impairment review of goodwill, management has calculated the recoverable amount of the Indian CGU. The recoverable amount was based on the use of a discounted cash flow model involving five-year projections with a terminal value. Key assumptions within this model include estimates of short-term growth, brewing capacity, long-term growth rate, and discount rate. Management's assessment identified that the recoverable amount of the Indian CGU was less than its carrying value due to the continued regulatory and excise challenges of operating in the Indian market. This resulted in an impairment charge of US$313 million, comprising goodwill (US$286 million), brewery assets (US$23 million), and intangible assets (US$4 million). We specifically focused on the Indian assessment given the quantum of the impairment charge.	We assessed the appropriateness of using value in use (VIU) as the basis for determining the recoverable amount and verified the mathematical accuracy of the cash flow model used to estimate VIU. We evaluated management's future cash flow forecasts for the Indian business, including comparing them to the latest internal board approved plans and external data. We assessed the reasonableness of the forecasts in the context of historical results, brewing capacity and the challenging regulatory and operating environment. We also assessed the appropriateness of the discount rate and long-term growth rate used and confirmed that they fell within our range of independently derived data. We satisfied ourselves that management's impairment charge was supported and appropriately disclosed within note 10 to the consolidated financial statements.

Independent auditors' report to the members of SABMiller plc continued

Area of focus	How our audit addressed the area of focus
Provisions for uncertain tax positions	
Refer to the audit committee review of areas of significant judgement (page 72). Due to the group operating across a number of different tax jurisdictions it is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transaction related tax matters and transfer pricing arrangements where centralised functions support a number of different countries. Where the amount of tax payable or recoverable is uncertain, the directors establish provisions based on their judgement of the probable amount of the liability, or recovery. We focused on these judgements in assessing the quantification and likelihood of the potential exposures and therefore the level of provisions required against them. In particular we focused on the impact of recent rulings and the status of ongoing local tax authority audits.	We obtained a detailed understanding of the potential consequences of the group's tax policies and the status of the ongoing local tax authority audits. We assessed key technical tax issues and risks related to business and legislative developments using, where applicable, our local and international specialised tax knowledge. We obtained explanations regarding the tax treatment applied to material transactions and arrangements and the corresponding provisions recorded. We obtained corroborative evidence supporting these explanations, including reading communications with local tax authorities and copies of tax advice obtained by management from its external tax advisors. We also challenged key assumptions and positions taken, in particular in respect of transactions undertaken in the year or where there have been significant developments with local tax authorities, and satisfied ourselves that relevant provisions were supported.
The classification of exceptional items	
Refer to the audit committee review of areas of significant judgement (page 72). The group has historically had significant levels of exceptional items which are disclosed separately within the income statement and are excluded from management's reporting of the underlying results of the business. In the year the group identified US$75 million of net exceptional items within operating profit comprising charges of US$521 million and credits of US$446 million. The treatment of exceptional items is explained within the group accounting policy. In the year exceptional items primarily relate to costs associated with efficiency programmes, integration and restructuring activity, the profit on sale of the group's interest in Tsogo Sun and the impairment charge related to the Indian CGU. We focused on this area because the classification of exceptional items requires judgement and they are also excluded from the calculation of elements of executive remuneration. Consistency in the identification and presentation of these items is also important to ensure comparability of year on year reporting within the Annual Report.	We assessed the appropriateness of the group's accounting policy for exceptional items by comparing the policy with a sample of peer companies. We substantiated the nature and quantum of individual items to appropriate corroborating evidence. We considered whether the designation of individual items as exceptional was consistent with the group's accounting policy and treatment in prior years. We were satisfied that the classification was appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group is structured in five geographic segments being Latin America, Africa, Asia Pacific, Europe and North America and a Corporate segment. Each geographic segment is a consolidation of a number of country-based operating businesses, regional and central functions and the group's interests in associates and joint ventures within that geographical region. Based on this, we determined the appropriate segment and operating businesses to perform work over based on factors such as the size of the balances, the areas of focus as noted above, known or historical accounting issues and the desire to include some unpredictability in our audit procedures.

We considered the type of work that needed to be performed on these segments and operating businesses by us, as the group engagement team, or by component auditors within PwC UK and from other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those segments or operating businesses to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We identified three segments (Latin America, Africa and Corporate) and three country-based operating businesses (Poland, Czech Republic and Australia) and one joint venture (MillerCoors) which, in our view, required an audit of their complete financial information. Specific procedures were also performed on certain of the group's associates (Castel, CR Snow and Anadolu Efes). This, together with procedures performed on regional and central functions and at the group level, accounted for 78% of revenues and 92% of group profit before tax. Our group engagement team involvement included site visits, conference calls with our component audit teams, meetings with local management, review of our component auditor work papers, attendance at component audit clearance meetings, and other forms of communication as considered necessary depending on the significance of the component and the extent of accounting and audit issues arising.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	US$250 million (2014: US$250 million).
How we determined it	5% of the consolidated profit before tax and before exceptional items.
Rationale for benchmark applied	We considered this adjusted measure to be the most relevant in assessing the recurring financial performance of the group.

We agreed with the audit committee that we would report to them misstatements identified during our audit above US$20 million (2014: US$20 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 100, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- information in the Annual Report is:
  - materially inconsistent with the information in the audited financial statements; or
  - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or
  - otherwise misleading.

We have no exceptions to report arising from this responsibility.

- the statement given by the directors on page 100, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.

We have no exceptions to report arising from this responsibility.

- the section of the Annual Report on page 71, as required by provision C.3.8 of the Code, describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of SABMiller plc continued

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

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. We have no exceptions to report arising from these responsibilities.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibility statement set out on page 100, the directors are responsible for the preparation of the 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 ISAs (UK & 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.

What an audit of financial statements involves

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 and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard Hughes BA FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 June 2015

Consolidated income statement

for the year ended 31 March

	Notes	2015 US$m	2014 US$m
Revenue	2	**22,130**	22,311
Net operating expenses	3	**(17,746)**	(18,069)
Operating profit	2	**4,384**	4,242
Operating profit before exceptional items	2	**4,459**	4,439
Exceptional items	4	**(75)**	(197)
Net finance costs	5	**(637)**	(645)
Finance costs	5a	**(1,047)**	(1,055)
Finance income	5b	**410**	410
Share of post-tax results of associates and joint ventures	2	**1,083**	1,226
Profit before taxation		**4,830**	4,823
Taxation	7	**(1,273)**	(1,173)
Profit for the year	27a	**3,557**	3,650
Profit attributable to non-controlling interests		**258**	269
Profit attributable to owners of the parent	26a	**3,299**	3,381
		3,557	3,650
Basic earnings per share (US cents)	8	**205.7**	211.8
Diluted earnings per share (US cents)	8	**203.5**	209.1

The notes on pages 112 to 175 are an integral part of these consolidated financial statements.

Financial statements

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2015 US$m	2014 US$m
Profit for the year		**3,557**	3,650
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Net remeasurements of defined benefit plans	30	**(7)**	22
Tax on items that will not be reclassified	7	**70**	(13)
Share of associates' and joint ventures' other comprehensive (loss)/income		**(178)**	23
Total items that will not be reclassified to profit or loss		**(115)**	32
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on foreign currency net investments:		**(5,387)**	(2,288)
– Decrease in foreign currency translation reserve during the year		**(5,550)**	(2,290)
– Recycling of foreign currency translation reserve on disposals		**163**	2
Net investment hedges:			
– Fair value gains arising during the year	26b	**608**	102
Cash flow hedges:	26b	**30**	34
– Fair value gains arising during the year		**45**	33
– Fair value gains transferred to inventory		**(8)**	(1)
– Fair value losses transferred to property, plant and equipment		**1**	–
– Fair value (gains)/losses transferred to profit or loss		**(8)**	2
Tax on items that may be reclassified subsequently to profit or loss	7	**(3)**	1
Share of associates' and joint ventures' other comprehensive (loss)/income:		**(120)**	122
– Share of associates' and joint ventures' other comprehensive (loss)/income during the year		**(120)**	131
– Share of associates' and joint ventures' recycling of available for sale reserve on disposal		**–**	(9)
Total items that may be reclassified subsequently to profit or loss		**(4,872)**	(2,029)
Other comprehensive loss for the year, net of tax		**(4,987)**	(1,997)
Total comprehensive (loss)/income for the year		**(1,430)**	1,653
Attributable to:			
Non-controlling interests		**179**	248
Owners of the parent		**(1,609)**	1,405
Total comprehensive (loss)/income for the year		**(1,430)**	1,653

The notes on pages 112 to 175 are an integral part of these consolidated financial statements.

Consolidated balance sheet

at 31 March

	Notes	2015 US$m	2014 US$m
Assets			
Non-current assets			
Goodwill	10	**14,746**	18,497
Intangible assets	11	**6,878**	8,532
Property, plant and equipment	12	**7,961**	9,065
Investments in joint ventures	13	**5,428**	5,581
Investments in associates	14	**4,459**	5,787
Available for sale investments		**21**	22
Derivative financial instruments	22	**770**	628
Trade and other receivables	16	**126**	139
Deferred tax assets	19	**163**	115
		40,552	48,366
Current assets			
Inventories	15	**1,030**	1,168
Trade and other receivables	16	**1,711**	1,821
Current tax assets		**190**	174
Derivative financial instruments	22	**463**	141
Cash and cash equivalents	17	**965**	2,081
		4,359	5,385
Total assets		**44,911**	53,751
Liabilities			
Current liabilities			
Derivative financial instruments	22	**(101)**	(78)
Borrowings	20	**(1,961)**	(4,519)
Trade and other payables	18	**(3,728)**	(3,847)
Current tax liabilities		**(1,184)**	(1,106)
Provisions	24	**(358)**	(450)
		(7,332)	(10,000)
Non-current liabilities			
Derivative financial instruments	22	**(10)**	(37)
Borrowings	20	**(10,583)**	(12,528)
Trade and other payables	18	**(18)**	(25)
Deferred tax liabilities	19	**(2,275)**	(3,246)
Provisions	24	**(338)**	(433)
		(13,224)	(16,269)
Total liabilities		**(20,556)**	(26,269)
Net assets		**24,355**	27,482
Equity			
Share capital	25	**168**	167
Share premium		**6,752**	6,648
Merger relief reserve		**3,963**	4,321
Other reserves	26b	**(5,457)**	(702)
Retained earnings	26a	**17,746**	15,885
Total shareholders' equity		**23,172**	26,319
Non-controlling interests		**1,183**	1,163
Total equity		**24,355**	27,482

The balance sheet of SABMiller plc is shown on page 176.
The notes on pages 112 to 175 are an integral part of these consolidated financial statements.
The financial statements were authorised for issue by the board of directors on 2 June 2015 and were signed on its behalf by:

Alan Clark
Chief Executive

Consolidated cash flow statement

for the year ended 31 March

	Notes	2015 US$m	2014 US$m
Cash flows from operating activities			
Cash generated from operations	27a	**5,812**	5,770
Interest received		**352**	365
Interest paid		**(1,003)**	(1,108)
Tax paid		**(1,439)**	(1,596)
Net cash generated from operating activities	27b	**3,722**	3,431
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,394)**	(1,401)
Proceeds from sale of property, plant and equipment		**68**	70
Purchase of intangible assets		**(178)**	(84)
Purchase of available for sale investments		**–**	(1)
Proceeds from disposal of available for sale investments		**1**	–
Proceeds from disposal of associates		**979**	–
Proceeds from disposal of businesses (net of cash disposed)		**–**	88
Acquisition of businesses (net of cash acquired)		**(5)**	(39)
Investments in joint ventures	13	**(216)**	(188)
Investments in associates		**(3)**	(199)
Dividends received from joint ventures	13	**976**	903
Dividends received from associates		**430**	224
Dividends received from other investments		**1**	1
Net cash generated from/(used in) investing activities		**659**	(626)
Cash flows from financing activities			
Proceeds from the issue of shares		**202**	88
Proceeds from the issue of shares in subsidiaries to non-controlling interests		**29**	20
Purchase of own shares for share trusts	26a	**(146)**	(79)
Purchase of shares from non-controlling interests		**(3)**	(5)
Proceeds from borrowings		**594**	2,585
Repayment of borrowings		**(4,413)**	(3,829)
Capital element of finance lease payments		**(10)**	(9)
Net cash receipts on derivative financial instruments		**243**	228
Dividends paid to shareholders of the parent	9	**(1,705)**	(1,640)
Dividends paid to non-controlling interests		**(173)**	(194)
Net cash used in financing activities		**(5,382)**	(2,835)
Net cash outflow from operating, investing and financing activities		**(1,001)**	(30)
Effects of exchange rate changes		**(117)**	(61)
Net decrease in cash and cash equivalents		**(1,118)**	(91)
Cash and cash equivalents at 1 April		**1,868**	1,959
Cash and cash equivalents at 31 March	27c	**750**	1,868

The notes on pages 112 to 175 are an integral part of these consolidated financial statements.

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 2013		167	6,581	4,586	1,328	13,710	26,372	1,088	27,460
Total comprehensive income		–	–	–	(2,030)	3,435	1,405	248	1,653
Profit for the year		–	–	–	–	3,381	3,381	269	3,650
Other comprehensive loss		–	–	–	(2,030)	54	(1,976)	(21)	(1,997)
Dividends paid	9	–	–	–	–	(1,640)	(1,640)	(193)	(1,833)
Issue of SABMiller plc ordinary shares		–	67	–	–	21	88	–	88
Proceeds from the issue of shares in subsidiaries to non-controlling interests		–	–	–	–	–	–	20	20
Payment for purchase of own shares for share trusts	26a	–	–	–	–	(79)	(79)	–	(79)
Buyout of non-controlling interests	26a	–	–	–	–	(5)	(5)	–	(5)
Utilisation of merger relief reserve	26a	–	–	(265)	–	265	–	–	–
Credit entry relating to share-based payments	26a	–	–	–	–	178	178	–	178
At 31 March 2014		167	6,648	4,321	(702)	15,885	26,319	1,163	27,482
Total comprehensive loss		–	–	–	(4,755)	3,146	(1,609)	179	(1,430)
Profit for the year		–	–	–	–	3,299	3,299	258	3,557
Other comprehensive loss		–	–	–	(4,755)	(153)	(4,908)	(79)	(4,987)
Dividends paid	9	–	–	–	–	(1,705)	(1,705)	(185)	(1,890)
Issue of SABMiller plc ordinary shares		1	104	–	–	97	202	–	202
Proceeds from the issue of shares in subsidiaries to non-controlling interests		–	–	–	–	–	–	29	29
Share of movements in associates' other reserves	26a	–	–	–	–	(6)	(6)	–	(6)
Payment for purchase of own shares for share trusts	26a	–	–	–	–	(146)	(146)	–	(146)
Buyout of non-controlling interests		–	–	–	–	–	–	(3)	(3)
Utilisation of merger relief reserve	26a	–	–	(358)	–	358	–	–	–
Credit entry relating to share-based payments	26a	–	–	–	–	117	117	–	117
At 31 March 2015		**168**	**6,752**	**3,963**	**(5,457)**	**17,746**	**23,172**	**1,183**	**24,355**

The notes on pages 112 to 175 are an integral part of these consolidated financial statements.

Merger relief reserve

At 1 April 2014 the merger relief reserve comprised 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$926 million (2013: 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. In the year ended 31 March 2015 the group transferred US$358 million (2014: US$265 million) of the reserve relating to the Polish business to retained earnings upon realisation of qualifying consideration.

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 financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates.

b) Recent accounting developments

(i) New standards, amendments and interpretations of existing standards adopted by the group

The following standards, interpretations and amendments have been adopted by the group as of 1 April 2014.

- IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements' and IFRS 12, 'Disclosure of interests in other entities' with effect from 1 April 2014, along with the revised versions of IAS 27, 'Separate financial statements' and IAS 28, 'Investments in Associates and Joint Ventures'. The adoption of these new standards has had no impact on attributable profit, total comprehensive income, or net assets attributable to owners, but has resulted in an increase in EBITA for the year ended 31 March 2014 of US$7 million, and a similar increase in the group's share of associates' and joint ventures' non-controlling interests for the same period of US$7 million. Comparative information has been restated. The requirements of IFRS 12 have increased certain disclosures in respect of the group's joint arrangements and associates. These are included in notes 13 and 14.
- Amendment to IAS 32, 'Offsetting financial assets and financial liabilities', has had no material impact on the consolidated results of operations or financial position of the group.
- Amendment to IAS 39, 'Financial instruments: recognition and measurement', on novation of derivatives and hedge accounting has had no material impact on the consolidated results of operations or financial position of the group.

(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 mandatory for the group's accounting periods beginning on or after 1 April 2015 are not expected to have a material impact on the consolidated results of operations or financial position of the group.

- Amendment to IAS 19, 'Employee benefits' on defined benefit plans, is effective from 1 February 2015.
- IFRIC 21, 'Levies', is effective from 17 June 2014.
- Annual improvements to IFRS 2012, are effective from 1 February 2015.
- Annual improvements to IFRS 2013, are effective from 1 January 2015.

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 2016 or later periods, which have not been early adopted.

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, is effective from 1 January 2016[1].
- Amendments to IFRS 10, 'Consolidated financial statements', and IAS 28, 'Investments in associates and joint ventures', on sale or contribution of assets, are effective from 1 January 2016[1].
- Amendments to IFRS 10, 'Consolidated financial statements', and IAS 28, 'Investments in associates and joint ventures', on investment entities applying the consolidation exemption, are effective from 1 January 2016[1].
- Amendment to IFRS 11, 'Joint arrangements', on acquisition of an interest in a joint operation, is effective from 1 January 2016[1].
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets', on depreciation and amortisation, are effective from 1 January 2016[1].
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, are effective from 1 January 2016[1].
- Amendment to IAS 27, 'Separate financial statements', is effective from 1 January 2016[1].
- IFRS 9, 'Financial Instruments', is effective from 1 January 2018[1].
- IFRS 14, 'Regulatory deferral accounts', is effective from 1 January 2016[1].
- IFRS 15, 'Revenue from contracts with customers', is effective from 1 January 2017[1].
- Annual improvements to IFRS 2014, are effective from 1 January 2016[1].

[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.

1. Accounting policies continued

(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, and mortality rates. Details of the assumptions used are set out in note 30. The selection of different assumptions could affect the net position of the group and future results.

(iv) Property, plant and equipment

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The group regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying values.

(v) Business combinations

On the acquisition of a company or business, a determination of the fair value 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 net producer 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. Segmental performance is reported after the specific apportionment of attributable head office costs.

Following management changes effective 1 July 2014, the group's Africa and South Africa: Beverages divisions have been consolidated into one division for management purposes. The results of the new combined Africa division have therefore been presented as a single segment. Comparatives have been restated accordingly.

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 ventures owned by the company.

(i) Subsidiaries

Subsidiaries are entities controlled by the company. Control is where the company has power to vary the returns from its investment, and exposure to the variability of those returns. 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.

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

The group has assessed the nature of its joint arrangements and determined them to be 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 decisions relating to the relevant activities 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 one line entries under each of items of other comprehensive income that will not be reclassified to profit or loss, and items of other comprehensive income that may be reclassified to profit or loss, 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.

Notes to the consolidated financial statements continued

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 2015	Year ended 31 March 2014
Average rate		
Australian dollar (AUD)	**1.15**	1.07
Colombian peso (COP)	**2,097**	1,920
Czech koruna (CZK)	**21.56**	19.68
Euro (€)	**0.78**	0.75
Peruvian nuevo sol (PEN)	**2.90**	2.77
Polish zloty (PLN)	**3.26**	3.15
South African rand (ZAR)	**11.08**	10.13
Turkish lira (TRY)	**2.22**	1.98
Closing rate		
Australian dollar (AUD)	**1.31**	1.08
Colombian peso (COP)	**2,576**	1,965
Czech koruna (CZK)	**25.59**	19.90
Euro (€)	**0.93**	0.73
Peruvian nuevo sol (PEN)	**3.10**	2.81
Polish zloty (PLN)	**3.80**	3.03
South African rand (ZAR)	**12.13**	10.53
Turkish lira (TRY)	**2.60**	2.14

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 was considered to be a hyperinflationary economy in the year ended 31 March 2014. The effect of inflation accounting in South Sudan for the year ended 31 March 2014 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.

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.

1. Accounting policies continued

(ii) Associates and joint ventures

On acquisition the investment in associates and joint ventures is recorded initially at cost. Subsequently, the carrying amount is increased or decreased to recognise the group's share of the associates' and joint ventures' income and expenses after the date of acquisition.

Fair values reflecting conditions at the date of acquisition are attributed to the group's share of identifiable assets (including intangibles), liabilities and contingent liabilities acquired. The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the group's estimate of the fair value of any deferred consideration payable.

The date significant influence or joint control commences is not necessarily the same as the closing date or any other date named in the contract.

(iii) Goodwill

Goodwill arising on consolidation represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the 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 controlled by the group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used), capitalised interest and an appropriate portion of overheads. Capitalised computer software, licence and development costs are amortised over their useful economic lives of between three and eight years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(v) Research and development

Research and general development expenditure is written off in the period in which it is incurred.

Certain applied development costs are only capitalised as internally generated intangible assets where there is a clearly defined project, separately identifiable expenditure, an outcome assessed with reasonable certainty (in terms of feasibility and commerciality), expected revenues exceed expected costs and the group has the resources to complete the task. Such assets are amortised on a straight-line basis over their useful lives once the project is complete.

i) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

Notes to the consolidated financial statements continued

1. Accounting policies continued

(ii) Assets held under finance leases

Assets held under finance leases which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over the lower of the lease term or their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to the income statement over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

(iii) Returnable containers

Returnable containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss.

Depreciation of returnable bottles and containers is recorded to write the containers off over the course of their economic life. This is typically undertaken in a two stage process:

- the excess over deposit value is written down over a period of one 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.

l) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable transaction costs, except in the case of those classified at fair value through profit or loss). For those financial instruments that are not subsequently held at fair value, the group assesses whether there is any objective evidence of impairment at each balance sheet date.

Financial assets are recognised when the group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Interest costs are charged to the income statement in the year in which they accrue. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to net finance costs over the life of the instrument.

1. Accounting policies continued

There are four categories of financial assets and financial liabilities. These are described as follows:

(i) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include derivative assets and derivative liabilities not designated as effective hedging instruments.

All gains or losses arising from changes in the fair value of financial assets or financial liabilities within this category are recognised in the income statement.

a. Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract. There are certain currency exemptions which the group has applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives. These are: if a contract is denominated in the functional currency of either party; where that currency is commonly used in international trade of the good traded; or if it is commonly used for local transactions in an economic environment.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in the income statement. (See note x for the group's accounting policy on hedge accounting.)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates, amounts owed by joint ventures – trade, accrued income and cash and cash equivalents.

a. Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. This provision is recognised in the income statement.

b. Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less. In the consolidated cash flow statement, cash and cash equivalents also includes bank overdrafts which are shown within borrowings in current liabilities on the balance sheet.

(iii) Available for sale investments

Available for sale investments are non-derivative financial assets that are either designated in this category or not classified as financial assets at fair value through profit or loss, or loans and receivables. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and are subsequently remeasured at fair value and tested for impairment. Gains and losses arising from changes in fair value including any related foreign exchange movements are recognised in other comprehensive income. On disposal or impairment of available for sale investments, any gains or losses in other comprehensive income are reclassified to the income statement.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(iv) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables, accruals, amounts owed to associates, 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 with its recoverable amount, being the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is considered to be the amount that could be obtained on disposal of the asset, and therefore is determined from a market participant perspective. The recoverable amount under both calculations 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. For value in use, this closely approximates 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. Fair value less costs of disposal calculations are prepared on a post-tax basis, and are classified as level 3 in the fair value hierarchy.

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.

Notes to the consolidated financial statements continued

1. Accounting policies continued

An impairment loss is taken first 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 or depreciation 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 of disposal.

Such assets are classified as held for sale 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.

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 2/2013 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 expected that sufficient existing taxable temporary differences will reverse in the future or there will be sufficient taxable profit available against which the temporary differences (including carried forward tax losses) can be utilised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

v) Dividend distributions

Dividend distributions to equity holders of the parent are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date.

w) Employee benefits

(i) Wages and salaries

Wages and salaries for current employees are recognised in the income statement as the employees' services are rendered.

(ii) Vacation and long-term service awards costs

The group recognises a liability and an expense for accrued vacation pay when such benefits are earned and not when these benefits are paid.

The group also recognises a liability and an expense for long-term service awards where cash is paid to the employee at certain milestone dates in a career with the group. Such accruals are appropriately discounted to reflect the future payment dates at discount rates determined by reference to local high-quality corporate bonds.

(iii) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments.

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. At a mid-year point an accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year end.

(iv) Share-based compensation

The group operates a variety of equity-settled share-based compensation plans.

The equity-settled plans comprise share option and stock appreciation rights plans (with and without market performance conditions attached), performance share award plans (with and without market performance 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 over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. A corresponding adjustment is made to equity over the remaining vesting period. The estimate of the level of vesting is reviewed at least annually, with any impact on the cumulative charge being recognised immediately. In addition the group has granted an equity-settled share-based payment to retailers in relation to the retailer element of the BBBEE scheme. A one-off charge has been recognised based on the fair value at the grant date with a corresponding adjustment to equity. The charge will not be adjusted in the future.

The charges are based on the fair value of the awards as at the date of grant, as calculated by various binomial model calculations and Monte Carlo simulations.

The charges are not reversed if the options and awards are not exercised because the market value of the shares is lower than the option price at the date of grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(v) Pension obligations

The group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. 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 and are charged or credited to equity in other comprehensive income in the period in which they arise.

The current service cost, the net interest cost, any past service costs and the effect of any curtailments and settlements are recognised in operating costs in the income statement.

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 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.

Notes to the consolidated financial statements continued

1. Accounting policies continued

(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.

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 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 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 NPR and EBITA by the group's chief operating decision maker, defined as the executive directors. Following management changes effective 1 July 2014 the group's Africa and South Africa: Beverages divisions have been consolidated into one division for management purposes. The results of the new combined Africa division have therefore been presented as a single reportable segment and comparatives have been restated accordingly. The group is focused geographically and, while not meeting the definition of reportable segments, the group reports separately as segments Corporate and South Africa: Hotels and Gaming 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 NPR 2015 US$m	**EBITA 2015 US$m**	Group NPR 2014 US$m	EBITA 2014[1] US$m
Latin America	**5,768**	**2,224**	5,745	2,192
Africa	**7,462**	**1,907**	7,421	1,954
Asia Pacific	**3,867**	**768**	3,944	845
Europe	**4,398**	**700**	4,574	703
North America	**4,682**	**858**	4,665	804
Corporate	**–**	**(122)**	–	(161)
Retained operations	**26,177**	**6,335**	26,349	6,337
South Africa: Hotels and Gaming	**111**	**32**	370	123
	26,288	**6,367**	26,719	6,460
Amortisation of intangible assets (excluding computer software) – group and share of associates' and joint ventures'		**(423)**		(436)
Exceptional items in operating profit – group and share of associates' and joint ventures'		**(138)**		(202)
Net finance costs – group and share of associates' and joint ventures'		**(740)**		(741)
Share of associates' and joint ventures' taxation		**(157)**		(162)
Share of associates' and joint ventures' non-controlling interests		**(79)**		(96)
Profit before taxation		**4,830**		4,823

[1] As restated (see note 1).

Group revenue and group NPR (including the group's share of 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 2015 US$m	**Share of associates' and joint ventures' revenue 2015 US$m**	**Group revenue 2015 US$m**	**Excise duties and other similar taxes 2015 US$m**	**Share of associates' and joint ventures' excise duties and other similar taxes 2015 US$m**	**Group NPR 2015 US$m**
Latin America	**7,812**	**–**	**7,812**	**(2,044)**	**–**	**5,768**
Africa	**6,853**	**2,221**	**9,074**	**(1,334)**	**(278)**	**7,462**
Asia Pacific	**3,136**	**2,203**	**5,339**	**(1,203)**	**(269)**	**3,867**
Europe	**4,186**	**1,675**	**5,861**	**(1,011)**	**(452)**	**4,398**
North America	**143**	**5,201**	**5,344**	**(4)**	**(658)**	**4,682**
Retained operations	**22,130**	**11,300**	**33,430**	**(5,596)**	**(1,657)**	**26,177**
South Africa: Hotels and Gaming	**–**	**128**	**128**	**–**	**(17)**	**111**
	22,130	**11,428**	**33,558**	**(5,596)**	**(1,674)**	**26,288**

	2014 US$m	2014 US$m	2014 US$m	2014 US$m	2014 US$m	2014 US$m
Latin America	7,812	–	7,812	(2,067)	–	5,745
Africa	6,752	2,257	9,009	(1,292)	(296)	7,421
Asia Pacific	3,285	2,166	5,451	(1,235)	(272)	3,944
Europe	4,319	1,726	6,045	(1,009)	(462)	4,574
North America	143	5,199	5,342	(4)	(673)	4,665
Retained operations	22,311	11,348	33,659	(5,607)	(1,703)	26,349
South Africa: Hotels and Gaming	–	425	425	–	(55)	370
	22,311	11,773	34,084	(5,607)	(1,758)	26,719

Notes to the consolidated financial statements continued

2. Segmental analysis continued

Operating profit and EBITA (segment result)

The following table provides a reconciliation of operating profit to operating profit before exceptional items, and to EBITA. EBITA comprises 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.

	Operating profit 2015 US$m	Exceptional items 2015 US$m	Operating profit before exceptional items 2015 US$m	Share of associates' and joint ventures' operating profit before exceptional items 2015 US$m	Amortisation of intangible assets (excluding computer software) 2015 US$m	Share of associates' and joint ventures' amortisation of intangible assets (excluding computer software) 2015 US$m	EBITA 2015 US$m
Latin America	**2,110**	**–**	**2,110**	**–**	**114**	**–**	**2,224**
Africa	**1,516**	**(45)**	**1,471**	**427**	**9**	**–**	**1,907**
Asia Pacific	**(14)**	**452**	**438**	**142**	**188**	**–**	**768**
Europe	**548**	**–**	**548**	**85**	**22**	**45**	**700**
North America	**14**	**–**	**14**	**800**	**2**	**42**	**858**
Corporate	**(191)**	**69**	**(122)**	**–**	**–**	**–**	**(122)**
Retained operations	**3,983**	**476**	**4,459**	**1,454**	**335**	**87**	**6,335**
South Africa: Hotels and Gaming	**401**	**(401)**	**–**	**31**	**–**	**1**	**32**
	4,384	**75**	**4,459**	**1,485**	**335**	**88**	**6,367**

	2014 US$m	2014 US$m	2014 US$m	2014[1] US$m	2014 US$m	2014 US$m	2014[1] US$m
Latin America	2,116	(47)	2,069	–	123	–	2,192
Africa	1,470	8	1,478	470	6	–	1,954
Asia Pacific	365	103	468	165	212	–	845
Europe	565	11	576	79	20	28	703
North America	9	–	9	753	–	42	804
Corporate	(283)	122	(161)	–	–	–	(161)
Retained operations	4,242	197	4,439	1,467	361	70	6,337
South Africa: Hotels and Gaming	–	–	–	118	–	5	123
	4,242	197	4,439	1,585	361	75	6,460

[1] As restated (see note 1).

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.

	2015 US$m	2014[1] US$m
Share of associates' and joint ventures' operating profit (before exceptional items)	**1,485**	1,585
Share of associates' and joint ventures' exceptional items in operating profit	**(63)**	(5)
Share of associates' and joint ventures' net finance costs	**(103)**	(96)
Share of associates' and joint ventures' taxation	**(157)**	(162)
Share of associates' and joint ventures' non-controlling interests	**(79)**	(96)
Share of post-tax results of associates and joint ventures	**1,083**	1,226

[1] As restated (see note 1).

2. Segmental analysis continued

EBITDA

EBITA is reconciled to EBITDA as follows.

	EBITA 2015 US$m	Depreciation 2015 US$m	Share of associates' and joint ventures' depreciation 2015 US$m	EBITDA 2015 US$m	EBITA 2014[1] US$m	Depreciation 2014 US$m	Share of associates' and joint ventures' depreciation 2014[1] US$m	EBITDA 2014[1] US$m
Latin America	**2,224**	**302**	**–**	**2,526**	2,192	328	–	2,520
Africa	**1,907**	**275**	**121**	**2,303**	1,954	267	115	2,336
Asia Pacific	**768**	**66**	**148**	**982**	845	72	132	1,049
Europe	**700**	**214**	**77**	**991**	703	222	92	1,017
North America	**858**	**–**	**145**	**1,003**	804	–	141	945
Corporate	**(122)**	**39**	**–**	**(83)**	(161)	31	–	(130)
Retained operations	**6,335**	**896**	**491**	**7,722**	6,337	920	480	7,737
South Africa: Hotels and Gaming	**32**	**–**	**8**	**40**	123	–	24	147
	6,367	**896**	**499**	**7,762**	6,460	920	504	7,884

[1] As restated (see note 1).

Adjusted EBITDA

Adjusted EBITDA is comprised of the following.

	2015 US$m	2014[1] US$m
Subsidiaries' EBITDA	**5,690**	5,720
– Operating profit before exceptional items	**4,459**	4,439
– Depreciation (including amortisation of computer software)	**896**	920
– Amortisation (excluding computer software)	**335**	361
Group's share of MillerCoors' EBITDA	**987**	936
– Operating profit before exceptional items	**800**	753
– Depreciation (including amortisation of computer software)	**145**	141
– Amortisation (excluding computer software)	**42**	42
Adjusted EBITDA	**6,677**	6,656

[1] As restated (see note 1).

Other segmental information

	Capital expenditure excluding investment activity[1] 2015 US$m	Investment activity[2] 2015 US$m	Total 2015 US$m	Capital expenditure excluding investment activity[1] 2014 US$m	Investment activity[2] 2014 US$m	Total 2014 US$m
Latin America	**429**	**(5)**	**424**	413	(88)	325
Africa	**720**	**8**	**728**	663	42	705
Asia Pacific	**80**	**–**	**80**	96	201	297
Europe	**253**	**–**	**253**	252	–	252
North America	**15**	**216**	**231**	1	188	189
Corporate	**75**	**(972)**	**(897)**	60	1	61
	1,572	**(753)**	**819**	1,485	344	1,829

[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.

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

	2015 US$m	2014 US$m
UK	**424**	394
Australia	**2,493**	2,680
Colombia	**3,568**	3,681
South Africa	**4,352**	4,347
USA	**131**	129
Rest of world	**11,162**	11,080
	22,130	22,311

Non-current assets

	2015 US$m	2014 US$m
UK	**358**	333
Australia	**9,804**	12,500
Colombia	**5,886**	7,781
South Africa	**1,735**	2,237
USA	**5,704**	5,839
Rest of world	**16,132**	18,933
	39,619	47,623

Non-current assets by location exclude amounts relating to derivative financial instruments and deferred tax assets.

3. Net operating expenses

	2015 US$m	2014 US$m
Cost of inventories recognised as an expense	**4,552**	4,711
– Changes in inventories of finished goods and work in progress	**57**	(15)
– Raw materials and consumables used	**4,495**	4,726
Excise duties and other similar taxes	**5,596**	5,607
Employee costs (see note 6a)	**2,483**	2,491
Depreciation of property, plant and equipment	**821**	854
– Containers	**219**	233
– Other	**602**	621
Profit on disposal of available for sale investments	**(1)**	–
Profit on disposal of businesses	**(45)**	(72)
Profit on disposal of investment in associates	**(403)**	–
(Gain)/loss on dilution of investment in associates	**(2)**	18
Profit on disposal of property, plant and equipment	**(18)**	(17)
Amortisation of intangible assets	**410**	427
– Intangible assets (excluding computer software)	**335**	361
– Computer software	**75**	66
Other expenses	**4,696**	4,431
– Selling, marketing and distribution costs	**2,428**	2,468
– Repairs and maintenance expenditure on property, plant and equipment	**309**	324
– Impairment of goodwill	**286**	–
– Impairment of intangible assets	**6**	8
– Impairment of property, plant and equipment	**73**	52
– Impairment of trade and other receivables	**34**	30
– Operating lease rentals – land and buildings	**84**	81
– Operating lease rentals – plant, vehicles and systems	**88**	86
– Research and development expenditure	**5**	4
– Other operating expenses	**1,383**	1,378
Total net operating expenses by nature	**18,089**	18,450
Other income	**(343)**	(381)
– Revenue received from royalties	**(47)**	(51)
– Dividends received from investments	**(1)**	(1)
– Other operating income	**(295)**	(329)
Net operating expenses	**17,746**	18,069

3. Net operating expenses continued

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$25 million (2014: US$32 million).

The following fees were paid to a number of different accounting firms as auditors of various parts of the group.

	2015 US$m	2014 US$m
Group auditors		
Fees payable to the company's auditor and its associates for the audit of parent company and consolidated financial statements	**3**	3
Fees payable to company's auditor and its associates for other services:		
The audit of the company's subsidiaries	**8**	7
Total audit fees payable to the company's auditor	**11**	10
Taxation compliance services	**–**	1
Taxation advisory services	**1**	2
Other non-audit services	**1**	1
Total fees payable to the company's auditor	**13**	14
Other audit firms		
Fees payable to other auditor firms for:		
The audit of the company's subsidiaries	**1**	1
Taxation advisory services	**3**	6
Services relating to corporate finance transactions	**1**	–
Internal audit services	**3**	4
Other non-audit services		
Services relating to information technology[1]	**1**	2
Other[1]	**21**	35
Total fees payable to other audit firms	**30**	48

[1] Consulting services principally relating to the cost and efficiency and capability programmes.

4. Exceptional items

	2015 US$m	2014 US$m
Exceptional items included in operating profit:		
Profit on disposal of investment in associate	**401**	–
Profit on disposal of businesses	**45**	72
Impairments	**(313)**	–
Integration and restructuring costs	**(139)**	(103)
Cost and efficiency programme costs	**(69)**	(133)
Broad-Based Black Economic Empowerment related charges	**–**	(33)
Net exceptional losses included within operating profit	**(75)**	(197)
Exceptional items included in net finance costs:		
Early redemption costs	**(48)**	–
Recycling of foreign currency translation reserves	**33**	–
Net exceptional losses included within net finance costs	**(15)**	–
Share of associates' and joint ventures' exceptional items:		
Impairments	**(63)**	–
Cost and efficiency programme costs	**–**	(5)
Group's share of associates' and joint ventures' exceptional losses	**(63)**	(5)
Net taxation (charges)/credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items	**(83)**	27

Notes to the consolidated financial statements continued

4. Exceptional items continued

Exceptional items included in operating profit

Profit on disposal of investment in associate

During 2015 a profit of US$401 million, after associated costs, was realised on the disposal of the group's investment in the Tsogo Sun hotels and gaming business in South Africa.

Profit on disposal of businesses

During 2015 an additional profit of US$45 million (2014: US$25 million) was realised in Africa in relation to the disposal in 2012 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 2014 a net profit of US$47 million, after associated costs, was realised on the disposal of the milk and juice business in Panama, Latin America.

Impairments

During 2015 impairment charges of US$313 million were incurred in respect of the group's business in India in Asia Pacific. The impairment charge comprised US$286 million against goodwill, US$23 million against property, plant and equipment, and US$4 million against intangible assets.

Integration and restructuring costs

During 2015 US$139 million (2014: US$103 million) of integration and restructuring costs were incurred in Asia Pacific following the Foster's and Pacific Beverages acquisitions, including impairments relating to brewery closures and in 2014 the discontinuation of a brand.

Cost and efficiency programme costs

During 2015 costs of US$69 million (2014: US$54 million) were incurred in relation to the cost and efficiency programme which will realise further benefits from the group's scale through the creation of a global business services function, that will consolidate many back office and specialist functions, and the expansion of the global procurement organisation. In 2014 costs of US$79 million were also incurred in relation to the business capability programme which streamlined finance, human resources and procurement activities through the deployment of global systems and introduced common sales, distribution and supply chain management systems.

Broad-Based Black Economic Empowerment related charges

In 2014 US$13 million of charges were incurred in relation to the Broad-Based Black Economic Empowerment (BBBEE) scheme in South Africa. An additional US$20 million loss was incurred on the dilution of the group's investment in its associate, Distell Group Ltd, as a result of the exercise of share options issued as part of its BBBEE scheme.

Exceptional items included in net finance costs

Early redemption costs

During 2015 an exceptional charge of US$48 million was incurred in relation to costs for the early redemption of the US$850 million 6.5% Notes that were due July 2016.

Recycling of foreign currency translation reserves

During 2015 an exceptional credit of US$33 million was recognised in relation to the recycling of foreign currency translation reserves following the repayment of an intercompany loan.

Share of associates' and joint ventures' exceptional items

Impairments

During 2015 the group's share of the impairment charges taken by Anadolu Efes in relation to its beer businesses in Russia and Ukraine amounted to US$63 million.

Cost and efficiency programme costs

In 2014 restructuring costs associated with the group's cost saving programme were incurred in MillerCoors, the group's share amounted to US$5 million.

Net taxation (charges)/credits relating to subsidiaries' and the group's share of associates' and joint ventures' exceptional items

Net taxation charges of US$83 million (2014: credits of US$27 million) arose in relation to exceptional items during the year and in 2014 included a US$2 million credit in relation to MillerCoors although the tax credit was recognised in Miller Brewing Company (see note 7).

5. Net finance costs

	2015 US$m	2014 US$m
a. Finance costs		
Interest payable on bank loans and overdrafts	**100**	110
Interest payable on derivatives	**177**	222
Interest payable on corporate bonds	**545**	647
Interest element of finance lease payments	**3**	3
Net fair value losses on financial instruments	**–**	34
Net exchange losses	**120**	–
Early redemption costs[1] (see note 4)	**48**	–
Other finance charges	**54**	39
Total finance costs	**1,047**	1,055
b. Finance income		
Interest receivable	**19**	24
Interest receivable on derivatives	**282**	338
Net fair value gains on financial instruments	**66**	–
Net exchange gains	**–**	36
Recycling of foreign currency translation reserves[1] (see note 4)	**33**	–
Other finance income	**10**	12
Total finance income	**410**	410
Net finance costs	**637**	645

[1] Net exceptional losses of US$15 million (2014: US$nil) are excluded from the determination of adjusted net finance costs and adjusted earnings per share.

Adjusted net finance costs were US$622 million (2014: US$645 million).

Refer to note 21 – Financial risk factors for interest rate risk information.

6. Employee and key management compensation costs

a. Employee costs

	2015 US$m	2014 US$m
Wages and salaries	**2,085**	2,063
Share-based payments	**117**	154
Social security costs	**164**	160
Pension costs	**117**	117
Post-retirement benefits other than pensions	**8**	7
	2,491	2,501

Of the US$2,491 million employee costs shown above, US$8 million (2014: US$10 million) has been capitalised within intangible assets and property, plant and equipment.

b. Employee numbers

The average monthly number of employees are shown on a full-time equivalent basis, excluding employees of associated and joint venture undertakings and including executive directors.

	2015 Number	2014 Number
Latin America	**28,162**	29,296
Africa	**24,802**	24,403
Asia Pacific	**5,048**	5,113
Europe	**9,810**	10,174
North America	**124**	97
Corporate	**862**	864
	68,808	69,947

Notes to the consolidated financial statements continued

6. Employee and key management compensation costs continued

c. Key management compensation

The directors of the group and members of the executive committee (excom) are defined as key management. At 31 March 2015 there were 23 (2014: 25) key management.

	2015 US$m	2014 US$m
Salaries and short-term employee benefits	**29**	30
Post-employment benefits	**3**	2
Share-based payments	**47**	63
	79	95

d. Directors

	2015 US$m	2014 US$m
Aggregate emoluments £5,235,208 (2014: £6,287,359)	**8**	10
Aggregate gains made on the exercise of share options or release of share awards[1]	**12**	15
Notional contributions to unfunded retirement benefits scheme £502,836 (2014: £626,955)	**1**	1
	21	26

[1] Excludes gains made on share options exercised and share awards released posthumously.

At 31 March 2015 one director (2014: one) had retirement benefits accruing under money purchase pension schemes. Company contributions to money purchase pension schemes during the year amounted to £40,000 (2014: £50,000).

Full details of individual directors' remuneration are given in the directors' remuneration report on pages 74 to 96.

7. Taxation

	2015 US$m	2014 US$m
Current taxation	**1,415**	1,096
– Charge for the year	**1,390**	1,086
– Adjustments in respect of prior years	**25**	10
Withholding taxes and other remittance taxes	**176**	188
Total current taxation	**1,591**	1,284
Deferred taxation	**(318)**	(111)
– Credit for the year	**(330)**	(75)
– Adjustments in respect of prior years	**7**	(36)
– Rate change	**5**	–
Taxation expense	**1,273**	1,173
Tax (credit)/charge relating to components of other comprehensive loss is as follows:		
Deferred tax (credit)/charge on net remeasurements of defined benefit plans	**(70)**	13
Deferred tax charge/(credit) on financial instruments	**3**	(1)
	(67)	12
Total current tax	**1,591**	1,284
Total deferred tax	**(385)**	(99)
Total taxation	**1,206**	1,185
Effective tax rate (%)	**26.0**	26.0
UK taxation included in the above		
Current taxation	**–**	–
Withholding taxes and other remittance taxes	**82**	102
Total current taxation	**82**	102
Deferred taxation	**–**	–
UK taxation expense	**82**	102

7. Taxation continued

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$117 million (2014: US$123 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

	2015 US$m	2014 US$m
Profit before taxation	**4,830**	4,823
Less: Share of post-tax results of associates and joint ventures	**(1,083)**	(1,226)
	3,747	3,597
Tax charge at standard UK rate of 21% (2014: 23%)	**787**	827
Exempt income	**(194)**	(189)
Other incentive allowances	**(34)**	(28)
Expenses not deductible for tax purposes	**179**	24
Deferred tax asset (recognised)/not recognised	**(54)**	89
Initial recognition of deferred taxation	**(104)**	(87)
Tax impact of MillerCoors joint venture	**174**	178
Withholding taxes and other remittance taxes	**176**	188
Other taxes	**33**	26
Adjustments in respect of foreign tax rates	**306**	160
Adjustments in respect of prior periods	**32**	(26)
Deferred taxation rate change	**5**	–
Deferred taxation on unremitted earnings	**(33)**	11
Total taxation expense	**1,273**	1,173

8. Earnings per share

	2015 US cents	2014 US cents
Basic earnings per share	**205.7**	211.8
Diluted earnings per share	**203.5**	209.1
Headline earnings per share	**213.4**	211.6
Adjusted basic earnings per share	**239.1**	242.0
Adjusted diluted earnings per share	**236.6**	239.0

The weighted average number of shares was:

	2015 Millions of shares	2014 Millions of shares
Ordinary shares	**1,674**	1,671
Treasury shares	**(63)**	(67)
EBT ordinary shares	**(7)**	(7)
Basic shares	**1,604**	1,597
Dilutive ordinary shares	**17**	20
Diluted shares	**1,621**	1,617

The calculation of diluted earnings per share excludes 8,613,524 (2014: 6,044,130) share options that were non-dilutive for the year because the exercise price of the option exceeded the fair value of the shares during the year and 16,316,980 (2014: 19,755,628) share awards that were non-dilutive for the year because the performance conditions attached to the share awards had not been met. These share incentives could potentially dilute earnings per share in the future.

Incentives involving 9,019,489 shares were granted, and 3,164,055 share incentives were exercised, released or lapsed after 31 March 2015 and before the date of signing of these financial statements.

Notes to the consolidated financial statements continued

8. Earnings per share continued

Adjusted and headline earnings

The group presents an adjusted earnings per share figure which excludes the impact of amortisation of intangible assets (excluding 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 are 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 2/2013 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.

	2015 US$m	2014 US$m
Profit for the year attributable to owners of the parent	**3,299**	3,381
Headline adjustments		
Impairment of goodwill	**286**	–
Impairment of property, plant and equipment	**73**	52
Impairment of intangible assets	**6**	8
Profit on disposal of investment in associate	**(401)**	–
Profit on disposal of businesses	**(45)**	(72)
Loss on dilution of investments in associates	**–**	20
Tax effects of these items	**146**	(11)
Non-controlling interests' share of the above items	**(1)**	1
Share of associates' and joint ventures' headline adjustments, net of tax and non-controlling interests	**60**	–
Headline earnings	**3,423**	3,379
Integration and restructuring costs (excluding impairment)	**87**	43
Cost and efficiency programme costs	**69**	133
Broad-Based Black Economic Empowerment related costs	**–**	13
Early redemption costs	**48**	–
Recycling of foreign currency translation reserves	**(33)**	–
Amortisation of intangible assets (excluding computer software)	**335**	361
Tax effects of the above items	**(167)**	(133)
Non-controlling interests' share of the above items	**(6)**	(4)
Share of associates' and joint ventures' other adjustments, net of tax and non-controlling interests	**79**	73
Adjusted earnings	**3,835**	3,865

9. Dividends

	2015 US$m	2014 US$m
Equity		
2014 Final dividend paid: 80.0 US cents (2013: 77.0 US cents) per ordinary share	**1,289**	1,236
2015 Interim dividend paid: 26.0 US cents (2014: 25.0 US cents) per ordinary share	**416**	404
	1,705	1,640

In addition, the directors are proposing a final dividend of 87.0 US cents per share in respect of the financial year ended 31 March 2015, which will absorb an estimated US$1,398 million of shareholders' funds. If approved by shareholders, the dividend will be paid on 14 August 2015 to shareholders registered on the London and Johannesburg registers as at 7 August 2015. The total dividend per share for the year is 113.0 US cents (2014: 105.0 US cents).

Treasury shares do not attract dividends and the employees' 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 2013	20,185
Exchange adjustments	(1,349)
Acquisitions – through business combinations	7
At 31 March 2014	18,843
Exchange adjustments	(3,257)
Reclassification (see note 19)	(293)
Acquisitions – through business combinations (provisional)	1
At 31 March 2015	**15,294**
Accumulated impairment	
At 1 April 2013	323
Exchange adjustments	23
At 31 March 2014	346
Exchange adjustments	(84)
Impairment	286
At 31 March 2015	**548**
Net book amount	
At 1 April 2013	19,862
At 31 March 2014	18,497
At 31 March 2015	**14,746**

2015

Provisional goodwill of US$1 million arose on the acquisition of a business in Africa. The fair value exercise in respect of this business combination has yet to be completed.

2014

Goodwill arose on the acquisition of the trade and assets of a wine and spirits business in Africa. The residual value of the net assets acquired has been recognised as goodwill of US$7 million in the financial statements. The fair value exercise in respect of this business combination is now complete.

Goodwill is monitored principally on an individual country basis and the net book value is allocated by cash generating unit (CGU) as follows.

	2015 US$m	2014 US$m
CGUs:		
Latin America:		
– Central America	**777**	795
– Colombia	**3,367**	4,392
– Peru	**1,505**	1,658
– Other Latin America	**207**	211
Africa:		
– South Africa	**391**	451
– Other Africa	**219**	247
Asia Pacific:		
– Australia	**5,819**	7,397
– India	**–**	291
– Other Asia Pacific	**1**	1
Europe:		
– Czech Republic	**707**	909
– Netherlands	**85**	106
– Italy	**347**	445
– Poland	**1,002**	1,258
– Other Europe	**63**	80
North America	**256**	256
	14,746	18,497

Notes to the consolidated financial statements continued

10. Goodwill continued

Assumptions

The group uses both value in use and fair value less costs of disposal (FVLCD) calculations to determine the recoverable amounts for its CGUs. See note 1 for the detailed accounting policy on how the group determines recoverable value. The key assumptions for the discounted cash flow calculations are as follows.

Expected volume five-year 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 macro-economic 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. The cash flow forecasts included in FVLCD calculations are based on management's best estimates of expected volume CAGRs and incorporate cash flows associated with enhancing the assets' performance, such as capital expenditure, where appropriate in order to determine the FVLCD from a market participant's perspective.

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. For a value in use calculation, where a potential impairment is identified on a post-tax basis, the impairment review is reperformed on a pre-tax basis.

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 discounted cash flow calculations in each of the group's operating segments and relate only to subsidiaries of the group.

	Expected volume CAGRs 2015-2020 %	Post-tax discount rates %	Long-term growth rates %
Latin America	2.7–4.5	7.6–14.0	2.1–5.1
Africa	2.4–9.7	11.8–17.6	5.5–9.5
Asia Pacific	(0.1)–10.0	7.4–11.8	2.8–5.7
Europe	(0.4)–2.4	6.5–9.3	1.4–2.8
North America[1]	17.0	6.8	2.1

[1] Primarily the international business across the Americas.

Impairment reviews results

An impairment charge of US$313 million has been recognised in respect of the India CGU in Asia Pacific. This primarily reflected the group's assessment of the increasing regulatory and excise challenges in the operating environment in India and the proposed partial introduction of a national goods and services tax (GST) which will not apply to beer so that GST on input costs is not expected to be recoverable. The impairment loss was allocated to goodwill (US$286 million), property, plant and equipment (US$23 million), and intangible assets (US$4 million). The recoverable amount of the CGU was based on its value in use, which was determined using a discounted cash flow calculation. In arriving at value in use, a pre-tax discount rate of 14.1% (2014: 13.4%) was applied to pre-tax cash flows.

Sensitivities to assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described above.

The most material goodwill balance is in Australia. In addition to the volume CAGR, pricing, mix and cost efficiencies are significant factors influencing the recoverable value of the CGU, and therefore NPR and EBITA CAGRs were also considered key assumptions in the discounted cash flow calculation. Continuing market weakness in Australia has reduced the forecast volume and revenue growth assumptions used in determining the recoverable amount of the Australia CGU. The estimated recoverable amount was calculated on a FVLCD basis and is now approximately US$650 million higher than the carrying value of the CGU. For the recoverable amount to reduce to a level such that it is equal to the carrying value of the CGU, the following would need to occur: the future compound annual NPR growth over the five-year forecast period to reduce to a level such that the EBITA CAGR over the same period of 3.8% would fall below the long-term growth rate of 2.8%; or the long-term growth rate of 2.8% in nominal terms to fall below 2.4%; or the discount rate to rise from 7.4% to 7.7% or higher. These changes in assumptions are considered reasonably possible in the current environment.

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 other CGUs.

11. Intangible assets

	Brands US$m	Computer software US$m	Other US$m	Total US$m
Cost				
At 1 April 2013	9,952	752	657	11,361
Exchange adjustments	(789)	(14)	(65)	(868)
Additions – separately acquired	–	84	–	84
Acquisitions – through business combinations	22	–	–	22
Transfers	3	–	(3)	–
Disposals	–	(11)	(32)	(43)
At 31 March 2014	9,188	811	557	10,556
Exchange adjustments	(1,596)	(101)	(101)	(1,798)
Additions – separately acquired	14	172	–	186
Disposals	–	(8)	–	(8)
At 31 March 2015	**7,606**	**874**	**456**	**8,936**
Accumulated amortisation and impairment				
At 1 April 2013	1,307	319	100	1,726
Exchange adjustments	(83)	(5)	(7)	(95)
Amortisation	312	66	49	427
Disposals	–	(10)	(32)	(42)
Impairment	8	–	–	8
At 31 March 2014	1,544	370	110	2,024
Exchange adjustments	(301)	(48)	(25)	(374)
Amortisation	301	75	34	410
Disposals	–	(8)	–	(8)
Impairment	4	2	–	6
At 31 March 2015	**1,548**	**391**	**119**	**2,058**
Net book amount				
At 1 April 2013	8,645	433	557	9,635
At 31 March 2014	7,644	441	447	8,532
At 31 March 2015	**6,058**	**483**	**337**	**6,878**

During 2015 impairment charges in respect of intangible assets totalling US$6 million (2014: US$8 million) were recognised, all in Asia Pacific.

At 31 March significant individual brands included within the carrying value of intangible assets are as follows.

	2015 US$m	2014 US$m	Amortisation period remaining (years)
Brand carrying value			
Carlton (Australia)	**1,481**	1,853	**37**
Aguila (Colombia)	**987**	1,335	**30**
Victoria Bitter (Australia)	**748**	935	**37**
Cristal (Peru)	**508**	578	**30**
Grolsch (Netherlands)	**332**	439	**33**

Notes to the consolidated financial statements continued

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 2013	542	3,723	8,282	2,093	14,640
Exchange adjustments	(33)	(157)	(474)	(113)	(777)
Additions	716	23	346	364	1,449
Acquisitions – through business combinations	–	8	4	–	12
Breakages and shrinkage	–	–	–	(216)	(216)
Transfers	(618)	93	423	102	–
Transfers (to)/from other assets	–	–	(8)	1	(7)
Disposals	(1)	(25)	(179)	(180)	(385)
At 31 March 2014	606	3,665	8,394	2,051	14,716
Exchange adjustments	(124)	(712)	(1,722)	(362)	(2,920)
Additions	828	30	216	345	1,419
Acquisitions – through business combinations	–	3	1	–	4
Breakages and shrinkage	–	–	–	(140)	(140)
Transfers	(613)	123	476	14	–
Transfers to other assets	–	–	(2)	–	(2)
Disposals	(1)	(63)	(298)	(39)	(401)
At 31 March 2015	**696**	**3,046**	**7,065**	**1,869**	**12,676**
Accumulated depreciation and impairment					
At 1 April 2013	–	702	3,802	1,077	5,581
Exchange adjustments	–	(43)	(273)	(53)	(369)
Provided during the year	–	77	544	233	854
Breakages and shrinkage	–	–	–	(136)	(136)
Impairment	–	2	50	–	52
Transfers	–	1	(50)	49	–
Transfers to other assets	–	–	(1)	–	(1)
Disposals	–	(16)	(156)	(158)	(330)
At 31 March 2014	–	723	3,916	1,012	5,651
Exchange adjustments	–	(187)	(1,015)	(203)	(1,405)
Provided during the year	–	74	528	219	821
Breakages and shrinkage	–	–	–	(77)	(77)
Impairment	–	43	30	–	73
Disposals	–	(38)	(275)	(35)	(348)
At 31 March 2015	**–**	**615**	**3,184**	**916**	**4,715**
Net book amount					
At 1 April 2013	542	3,021	4,480	1,016	9,059
At 31 March 2014	606	2,942	4,478	1,039	9,065
At 31 March 2015	**696**	**2,431**	**3,881**	**953**	**7,961**

As a result of the annual impairment reviews, impairment losses of US$23 million have been recognised in the year (2014: US$nil) (see note 10).

Included in land and buildings is freehold land with a cost of US$560 million (2014: US$695 million) which is not depreciated.

Included in plant, vehicles and systems are the following amounts relating to assets held under finance leases.

	2015 US$m	2014 US$m
Net book amount	**65**	61

12. Property, plant and equipment continued

Included in the amounts above are the following amounts in respect of borrowing costs capitalised.

	2015 US$m	2014 US$m
At 1 April	**37**	45
Exchange adjustments	**(6)**	(4)
Amortised during the year	**(11)**	(4)
At 31 March	**20**	37

No borrowing costs were capitalised during the year (2014: none).

Borrowings are secured by various of the group's property, plant and equipment with an aggregate net book value of US$91 million (2014: US$87 million).

13. Investments in joint ventures

A list of the group's significant investments in joint ventures, including the name, country of incorporation and effective ownership interest is given in note 33.

	US$m
At 1 April 2013	5,547
Investments in joint ventures	188
Share of results retained	737
Share of other comprehensive income	12
Dividends received	(903)
As at 31 March 2014	5,581
Investments in joint ventures	216
Share of results retained	786
Share of other comprehensive loss	(179)
Dividends received	(976)
At 31 March 2015	**5,428**

Summarised financial information for the group's interest in joint ventures, on a 100% basis after adjustments to comply with the group's accounting policies, is shown below.

Summarised balance sheet

	MillerCoors	
	2015 US$m	2014[1] US$m
Cash and cash equivalents	**18**	15
Other current assets	**911**	980
Total current assets	**929**	995
Non-current assets	**5,022**	4,972
Total assets	**5,951**	5,967
Financial liabilities (excluding trade payables)	**(47)**	(46)
Other current liabilities	**(911)**	(888)
Total current liabilities	**(958)**	(934)
Financial liabilities	**(30)**	(38)
Other non-current liabilities	**(1,509)**	(1,278)
Total liabilities	**(2,497)**	(2,250)
Non-controlling interests	**(41)**	(41)
Net assets attributable to owners	**3,413**	3,676

[1] The MillerCoors summarised balance sheet includes adjustments made on the adoption of IFRS 10, 'Consolidated financial statements'. Adopting this standard has resulted in two investments of MillerCoors that were previously classified as joint ventures being recognised as subsidiaries. The investments were previously equity accounted and are now fully consolidated. The change in accounting policy has had no impact on net assets attributable to owners or total comprehensive income at 31 March 2014.

Notes to the consolidated financial statements continued

13. Investments in joint ventures continued

Summarised statement of comprehensive income

	MillerCoors	
	2015 US$m	2014[1] US$m
Revenue	**8,966**	8,963
Depreciation and amortisation	**(322)**	(316)
Interest expense	**(1)**	(2)
Profit before taxation	**1,361**	1,277
Taxation expense	**(5)**	(5)
Profit for the year	**1,356**	1,272
Other comprehensive (loss)/income	**(309)**	20
Total comprehensive income	**1,047**	1,292

[1] As restated (see note 1).

Reconciliation of summarised financial information

A reconciliation of the summarised financial information to the carrying amount of the group's interests in its joint ventures is as follows.

	MillerCoors	
	2015 US$m	2014[1] US$m
Opening net assets	**3,676**	3,617
Total comprehensive income	**1,047**	1,292
Dividends paid	**(1,683)**	(1,557)
Funding to joint venture	**373**	324
Closing net assets	**3,413**	3,676
Interest in joint venture (%)	**58**	58
Interest in joint venture	**1,979**	2,132
Goodwill	**3,449**	3,449
Carrying value of investments in joint venture	**5,428**	5,581

[1] As restated (see note 1).

14. Investments in associates

A list of the group's significant investments in associates, including the name, country of incorporation and effective ownership interest is given in note 33.

	US$m
At 1 April 2013	5,416
Exchange adjustments	(264)
Investments in associates	231
Share of results retained	489
Share of other comprehensive income	133
Share of movements in other reserves	6
Dividends receivable	(224)
At 31 March 2014	5,787
Exchange adjustments	(755)
Investments in associates	46
Disposals of investments in associates	(368)
Share of results retained	297
Share of other comprehensive loss	(119)
Share of movements in other reserves	(6)
Dividends receivable	(423)
At 31 March 2015	**4,459**

2015

The group disposed of its investment in Tsogo Sun Holdings Limited (Tsogo Sun), its hotels and gaming associate listed on the Johannesburg Stock Exchange, in August 2014 through an institutional placing and share buyback. The group received net proceeds of US$971 million, and realised a post-tax profit of US$239 million.

In January 2015 the group received net proceeds of US$7 million and realised a net profit of US$2 million, after associated costs, on the disposal of its packaging associate in Panama, Latin America.

14. Investments in associates continued

2014

There were no acquisitions or disposals of associates in the year. The increase in investments in associates primarily related to increased investment in the group's Chinese associate to partly fund the Kingway acquisition.

The analysis of associates between listed and unlisted investments is shown below.

	2015 US$m	2014 US$m
Listed	**1,470**	2,306
Unlisted	**2,989**	3,481
	4,459	5,787

Further details on the market value of listed investments in associates is given in note 21.

Summarised financial information

Summarised financial information for associates, which in the opinion of the directors are material to the group, on a 100% basis after adjustments to comply with the group's accounting policies, is as follows.

	Castel[1]		Anadolu Efes		CR Snow		Tsogo Sun
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2014 US$m
Summarised balance sheet							
Total current assets	**3,388**	4,478	**1,478**	2,083	**1,523**	2,103	220
Total non-current assets	**2,972**	3,489	**6,390**	8,735	**5,032**	4,817	1,668
Total assets	**6,360**	7,967	**7,868**	10,818	**6,555**	6,920	1,888
Total current liabilities	**(1,257)**	(1,402)	**(920)**	(1,505)	**(2,869)**	(2,517)	(122)
Total non-current liabilities	**(409)**	(570)	**(2,402)**	(2,902)	**(659)**	(1,118)	(788)
Total liabilities	**(1,666)**	(1,972)	**(3,322)**	(4,407)	**(3,528)**	(3,635)	(910)
Total non-controlling interests	**(672)**	(783)	**(1,659)**	(1,840)	**(20)**	(18)	(34)
Net assets attributable to owners	**4,022**	5,212	**2,887**	4,571	**3,007**	3,267	944
Summarised statement of comprehensive income/(loss)							
Revenue	**6,000**	6,162	**6,408**	6,682	**4,496**	4,420	1,073
Profit/(loss) for the year attributable to owners	**815**	959	**(466)**	(139)	**199**	254	178
Other comprehensive (loss)/income attributable to owners	**(59)**	(31)	**(537)**	258	**23**	74	18
Total comprehensive income/(loss) attributable to owners	**756**	928	**(1,003)**	119	**222**	328	196

Reconciliation of summarised financial information

A reconciliation of the summarised financial information to the carrying amount of the group's interests in its associates is as follows.

	Castel[1]		Anadolu Efes		CR Snow		Tsogo Sun
	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2015 US$m	2014 US$m	2014 US$m
Opening net assets attributable to owners	**5,212**	4,405	**4,571**	5,439	**3,267**	2,539	956
Total comprehensive income/(loss) attributable to owners	**756**	928	**(1,003)**	119	**222**	328	196
Dividends paid	**(359)**	(461)	**–**	(140)	**(465)**	–	(87)
Exchange adjustments	**(1,587)**	340	**(681)**	(842)	**3**	–	(121)
Funding to associates	**–**	–	**–**	–	**–**	400	–
Other movements in reserves	**–**	–	**–**	(5)	**(20)**	–	–
Closing net assets attributable to owners	**4,022**	5,212	**2,887**	4,571	**3,007**	3,267	944
Interest in associates (%)	**20–40**	20–40	**24**	24	**49**	49	40
Interest in associates	**925**	1,223	**693**	1,097	**1,473**	1,601	375
Goodwill	**310**	352	**387**	469	**–**	–	–
Carrying value of investments in associates	**1,235**	1,575	**1,080**	1,566	**1,473**	1,601	375

[1] BIH Brasseries Internationales Holding Ltd, Société des Brasseries et Glacières Internationales SA, Algerienne de Bavaroise Spa, BIH Brasseries Internationales Holding (Angola) Ltd, Marocaine d'Investissements et de Services SA, Skikda Bottling Company SARL, Société de Boissons de l'Ouest Algerien SARL, and Société des Nouvelles Brasseries together make up Castel's African beverage operations. Details of individual ownership percentages are included in note 33.

Notes to the consolidated financial statements continued

14. Investments in associates continued

Individually immaterial associates

Summarised financial information for individually immaterial associates, in aggregate, is as follows.

	2015 US$m	2014 US$m
Summarised statement of comprehensive income		
Aggregate carrying amount of individually immaterial associates	**671**	670
Aggregate amounts of the group's share of:		
Profit for the year attributable to owners	**124**	127
Other comprehensive income attributable to owners	**12**	33
Total comprehensive income	**136**	160

15. Inventories

	2015 US$m	2014 US$m
Raw materials and consumables	**588**	669
Work in progress	**89**	121
Finished goods and goods for resale	**353**	378
	1,030	1,168

The following amount of inventories are expected to be utilised after 12 months.

	2015 US$m	2014 US$m
Raw materials and consumables	**38**	46

There were no borrowings secured on the inventories of the group (2014: US$nil).

An impairment charge of US$34 million was recognised in respect of inventories during the year (2014: US$25 million).

16. Trade and other receivables

	2015 US$m	2014 US$m
Trade receivables	**1,412**	1,504
Less: provision for impairment	**(132)**	(144)
Trade receivables – net	**1,280**	1,360
Other receivables	**355**	357
Less: provision for impairment	**(12)**	(12)
Other receivables – net	**343**	345
Amounts owed by associates	**28**	42
Amounts owed by joint ventures – trade	**4**	5
Prepayments and accrued income	**182**	208
Total trade and other receivables	**1,837**	1,960
Analysed as:		
Current		
Trade receivables – net	**1,265**	1,345
Other receivables – net	**259**	250
Amounts owed by associates	**17**	32
Amounts owed by joint ventures – trade	**4**	5
Prepayments and accrued income	**166**	189
	1,711	1,821
Non-current		
Trade receivables – net	**15**	15
Other receivables – net	**84**	95
Amounts owed by associates	**11**	10
Prepayments and accrued income	**16**	19
	126	139

16. Trade and other receivables continued

The net carrying values of trade and other receivables are considered a close approximation of their fair values.

At 31 March 2015 trade and other receivables of US$415 million (2014: US$450 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 2015						
Trade receivables	**937**	**165**	**47**	**19**	**24**	**41**
Other receivables	**232**	**45**	**8**	**4**	**15**	**22**
Amounts owed by associates	**3**	**13**	**3**	**–**	**9**	**–**
Amounts owed by joint ventures – trade	**4**	**–**	**–**	**–**	**–**	**–**
At 31 March 2014						
Trade receivables	1,022	149	54	23	31	57
Other receivables	231	52	11	6	16	26
Amounts owed by associates	17	4	6	–	–	15
Amounts owed by joint ventures – trade	5	–	–	–	–	–

The group holds collateral as security for past due trade receivables to the value of US$9 million (2014: US$10 million). Collateral held primarily includes bank guarantees and charges over assets.

At 31 March 2015 trade receivables of US$179 million (2014: US$168 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2015 was US$132 million (2014: US$144 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 (2014: US$1 million).

At 31 March 2015 other receivables of US$29 million (2014: US$15 million) were determined to be specifically impaired and provided for. The amount of the provision at 31 March 2015 was US$12 million (2014: 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. No collateral was held as security against specifically impaired other receivables at 31 March 2015 and 2014.

The carrying amounts of trade and other receivables are denominated in the following currencies.

	2015 US$m	2014 US$m
Australian dollars	**161**	176
British pound	**112**	73
Colombian peso	**117**	135
Czech koruna	**76**	78
Euro	**169**	225
Indian rupee	**130**	141
Polish zloty	**143**	185
SA rand	**297**	295
US dollars	**183**	204
Other currencies	**449**	448
	1,837	1,960

Movements on the provisions for impairment of trade receivables and other receivables are as follows.

	Trade receivables		Other receivables	
	2015 US$m	2014 US$m	2015 US$m	2014 US$m
At 1 April	**(144)**	(140)	**(12)**	(12)
Provision for receivables impairment	**(34)**	(24)	**–**	(6)
Receivables written off during the year as uncollectible	**21**	18	**(2)**	5
Exchange adjustments	**25**	2	**2**	1
At 31 March	**(132)**	(144)	**(12)**	(12)

The creation of provisions for impaired receivables is included in net operating expenses in the income statement (see note 3).

Notes to the consolidated financial statements continued

17. Cash and cash equivalents

	2015 US$m	2014 US$m
Short-term deposits	**528**	1,589
Cash at bank and in hand	**437**	492
	965	2,081

Cash and short-term deposits of US$117 million (2014: US$117 million) are held in certain 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. As normal dividends are generally able to be paid, these restrictions are not expected to have a material impact on the group's ability to meet its ongoing obligations.

18. Trade and other payables

	2015 US$m	2014 US$m
Trade payables	**1,404**	1,333
Accruals	**651**	731
Deferred income	**8**	9
Containers in the hands of customers	**443**	453
Amounts owed to associates – trade	**38**	39
Amounts owed to joint ventures – trade	**18**	16
Deferred consideration for acquisitions	**4**	9
Excise duty payable	**344**	358
VAT and other taxes payable	**221**	216
Other payables	**615**	708
Total trade and other payables	**3,746**	3,872
Analysed as:		
Current		
Trade payables	**1,404**	1,333
Accruals	**651**	731
Deferred income	**4**	6
Containers in the hands of customers	**443**	453
Amounts owed to associates – trade	**38**	39
Amounts owed to joint ventures – trade	**18**	16
Deferred consideration for acquisitions	**4**	5
Excise duty payable	**344**	358
VAT and other taxes payable	**221**	216
Other payables	**601**	690
	3,728	3,847
Non-current		
Deferred income	**4**	3
Deferred consideration for acquisitions	**–**	4
Other payables	**14**	18
	18	25

19. Deferred taxation

	2015 US$m	2014 US$m
At 1 April	**3,131**	3,436
Exchange adjustments	**(345)**	(219)
Acquisitions – through business combinations	**1**	–
Rate change	**5**	–
Transfers from current tax	**3**	13
Reclassification[1]	**(293)**	–
Credited to the income statement	**(323)**	(111)
Deferred tax on items charged/(credited) to other comprehensive loss:		
– Financial instruments	**3**	(1)
– Remeasurements of defined benefit plans	**(70)**	13
At 31 March	**2,112**	3,131

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$m	Tax losses and credits US$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 2013	685	(242)	2,695	(47)	702	(286)	3,507
Exchange adjustments	(41)	28	(231)	(1)	–	26	(219)
Transfers from current tax	–	–	–	–	–	16	16
Transfers (from)/to deferred tax assets	(4)	–	2	–	–	(1)	(3)
Charged/(credited) to the income statement	84	(199)	(86)	–	(62)	196	(67)
Deferred tax on items (credited)/charged to other comprehensive loss:							
– Financial instruments	–	–	–	–	(1)	–	(1)
– Remeasurements of defined benefit plans	–	–	–	–	5	8	13
At 31 March 2014	724	(413)	2,380	(48)	644	(41)	3,246
Exchange adjustments	(113)	123	(419)	(2)	–	33	(378)
Acquisitions – through business combinations	1	–	–	–	–	–	1
Rate change	(3)	–	11	–	–	(3)	5
Transfers (from)/to deferred tax assets	(38)	2	–	2	3	18	(13)
Reclassification[1]	–	(293)	–	–	–	–	(293)
Charged/(credited) to the income statement	29	(81)	(100)	7	(5)	(74)	(224)
Deferred tax on items charged/(credited) to other comprehensive loss:							
– Financial instruments	–	–	–	1	–	–	1
– Remeasurements of defined benefit plans	–	–	–	–	(68)	(2)	(70)
At 31 March 2015	**600**	**(662)**	**1,872**	**(40)**	**574**	**(69)**	**2,275**

[1] Following clarification from the IFRS Interpretations Committee during 2014 regarding the recognition of deferred taxes, US$293 million has been reclassified from goodwill to net deferred tax liabilities, with no impact on results or net assets.

	Fixed asset allowances US$m	Provisions and accruals US$m	Other timing differences US$m	Total US$m
Deferred tax assets				
At 1 April 2013	(15)	34	52	71
Exchange adjustments	1	(1)	–	–
Transfers from current tax	–	–	3	3
Transfers (to)/from deferred tax liabilities	(4)	2	(1)	(3)
Credited to the income statement	2	–	42	44
At 31 March 2014	(16)	35	96	115
Exchange adjustments	(3)	(5)	(25)	(33)
Transfers from current tax	–	–	(3)	(3)
Transfers (to)/from deferred tax liabilities	(38)	19	6	(13)
Credited to the income statement	89	8	2	99
Deferred tax on items charged to other comprehensive income:				
– Financial instruments	–	–	(2)	(2)
At 31 March 2015	**32**	**57**	**74**	**163**

Notes to the consolidated financial statements continued

19. 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 Latin America, Africa and Europe. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to recover these assets.

Deferred tax liabilities of US$2,013 million (2014: US$3,174 million) are expected to fall due after more than one year and deferred tax assets of US$115 million (2014: US$112 million) are expected to be recovered after more than one year.

	2015 US$m	2014 US$m
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**281**	355
Tax credits	**1,355**	1,532
Depreciation in excess of capital allowances	**7**	19
Share-based payments	**47**	28
Other deductible temporary differences	**–**	120
	1,690	2,054

Deferred tax assets in respect of tax losses are not recognised unless there is convincing evidence that existing taxable temporary differences will reverse in the future or there will be sufficient taxable profits in future years to recover the assets. A significant part of the tax losses arise in the UK and the value has been calculated at the substantively enacted rate of 20%. 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 it is probable that future profits will arise. US$1,345 million (2014: US$$1,180 million) of these 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$11 million (2014: US$14 million) has been recognised. A deferred tax liability of US$56 million (2014: US$97 million) has been recognised in respect of unremitted profits of associates where a dividend policy is not in place. Unremitted earnings of subsidiaries, associates and joint ventures operating in lower tax jurisdictions do not result in a deferred tax liability where the reporting entity is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences 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.

20. Borrowings

	2015 US$m	2014 US$m
Current		
Secured		
Overdrafts	**29**	32
Obligations under finance leases	**10**	8
Other secured loans	**–**	2
	39	42
Unsecured		
Overdrafts	**186**	181
Unsecured bonds	**712**	3,402
Other unsecured loans	**1,024**	894
	1,922	4,477
Total current borrowings	**1,961**	4,519

20. Borrowings continued

	2015 US$m	2014 US$m
Non-current		
Secured		
Obligations under finance leases	**43**	43
Other secured loans	**1**	2
	44	45
Unsecured		
Unsecured bonds	**10,203**	12,036
Unsecured loans	**336**	447
	10,539	12,483
Total non-current borrowings	**10,583**	12,528
Total current and non-current borrowings	**12,544**	17,047
Analysed as:		
Overdrafts	**215**	213
Bank loans	**1,361**	1,345
Bonds	**10,915**	15,438
Obligations under finance leases	**53**	51
	12,544	17,047

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.

	Bank loans US$m	Bonds US$m	Finance leases US$m	Net derivative financial assets[1] US$m	2015 Total US$m	Bank loans US$m	Bonds US$m	Finance leases US$m	Net derivative financial assets[1] US$m	2014 Total US$m
Amounts falling due:										
Between one and two years	**96**	**2,327**	**10**	**(264)**	**2,169**	220	738	7	(123)	842
Between two and three years	**239**	**90**	**7**	**(23)**	**313**	107	3,268	8	(258)	3,125
Between three and four years	**1**	**1,867**	**6**	**(122)**	**1,752**	75	96	8	(1)	178
Between four and five years	**–**	**1,068**	**7**	**(19)**	**1,056**	45	1,871	4	(33)	1,887
In five years or more	**1**	**4,851**	**13**	**(333)**	**4,532**	2	6,063	16	(181)	5,900
	337	**10,203**	**43**	**(761)**	**9,822**	449	12,036	43	(596)	11,932

[1] Net financing-related derivative financial instruments only (note 22).

2015

There were no new bonds issued during the year ended 31 March 2015.

In December 2014 US$850 million, 6.5% Notes due 2016 were redeemed early.

2014

On 13 August 2013 SABMiller Holdings Inc issued US$750 million, 2.2% Notes due August 2018 and US$350 million, Floating Rate Notes due August 2018, guaranteed by SABMiller plc.

The US$750 million Notes and the US$350 million 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. The US$750 million 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.

Notes to the consolidated financial statements continued

20. Borrowings continued
Maturity of obligations under finance leases
Obligations under finance leases are as follows.

	2015 US$m	2014 US$m
The minimum lease payments under finance leases fall due as follows.		
Within one year	**11**	11
Between one and five years	**36**	36
In five years or more	**15**	17
	62	64
Future finance charges	**(9)**	(13)
Present value of finance lease liabilities	**53**	51

21. 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, foreign exchange rates and the price risk of some commodities. The responsibility for the management of the remaining commodities exposures primarily lies with the group's centralised procurement function, SABMiller Procurement GmbH (SABMiller Procurement). Some of the risk management strategies include the use of derivatives in order to manage the currency, interest rate and commodities exposures arising from the group's operations. 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 derivatives. An approximate nominal value equivalent to US$3,691 million (2014: US$4,774 million) of borrowings have been swapped into currencies that match the currency of the underlying operations of the group, including Australian dollar, Colombian peso, Czech koruna, Peruvian nuevo sol, Polish zloty and South African rand.

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 managed primarily by the group treasury function which, subject to regulatory constraints or currency market limitations, hedges a proportion of the foreign currency exposures 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 derivatives 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. The sensitivity analysis has been prepared on a basis consistent with the prior year, based on reasonably possible changes in exchange rates, and assumes all other variables are held constant.

21. Financial risk factors continued

	Australian dollars US$m	Euro US$m	Latin American currencies US$m	Other European currencies US$m	SA rand US$m	US dollars US$m	Other US$m	Total US$m
Financial assets								
Trade and other receivables	**1**	**82**	**–**	**121**	**150**	**36**	**42**	**432**
Derivative financial instruments[1]	**79**	**3,230**	**–**	**1,260**	**73**	**2,060**	**–**	**6,702**
Cash and cash equivalents	**–**	**20**	**1**	**181**	**3**	**26**	**9**	**240**
Intra-group assets	**31**	**1,131**	**–**	**422**	**12**	**277**	**2**	**1,875**
	111	**4,463**	**1**	**1,984**	**238**	**2,399**	**53**	**9,249**
Financial liabilities								
Trade and other payables	**(25)**	**(195)**	**–**	**(190)**	**(46)**	**(348)**	**(3)**	**(807)**
Derivative financial instruments[1]	**(563)**	**(3,009)**	**(884)**	**(2,041)**	**(787)**	**(286)**	**–**	**(7,570)**
Borrowings	**–**	**(1,071)**	**–**	**(5)**	**(1)**	**(1,497)**	**(19)**	**(2,593)**
Intra-group liabilities	**(44)**	**(31)**	**(1)**	**(142)**	**(25)**	**(177)**	**(2)**	**(422)**
	(632)	**(4,306)**	**(885)**	**(2,378)**	**(859)**	**(2,308)**	**(24)**	**(11,392)**
At 31 March 2015	**(521)**	**157**	**(884)**	**(394)**	**(621)**	**91**	**29**	**(2,143)**
Potential impact on profit for the year – gain/(loss)								
20% increase in functional currency	**1**	**3**	**32**	**(11)**	**(4)**	**43**	**(5)**	**59**
20% decrease in functional currency	**(1)**	**(4)**	**(38)**	**13**	**5**	**(52)**	**6**	**(71)**
Potential impact on other comprehensive income – gain/(loss)								
20% increase in functional currency	**86**	**(29)**	**116**	**77**	**107**	**(58)**	**–**	**299**
20% decrease in functional currency	**(103)**	**35**	**(139)**	**(92)**	**(129)**	**70**	**–**	**(358)**

[1] These represent the notional amounts of derivative financial instruments.

	Australian dollars US$m	Euro US$m	Latin American currencies US$m	Other European currencies US$m	SA rand US$m	US dollars US$m	Other US$m	Total US$m
Financial assets								
Trade and other receivables	4	17	–	101	142	21	36	321
Derivative financial instruments[1]	333	1,313	–	1,146	285	1,245	8	4,330
Cash and cash equivalents	–	176	57	78	5	35	10	361
Intra-group assets	–	1,617	–	613	93	416	1	2,740
	337	3,123	57	1,938	525	1,717	55	7,752
Financial liabilities								
Trade and other payables	(1)	(154)	–	(256)	(45)	(210)	(21)	(687)
Derivative financial instruments[1]	(1,276)	(1,600)	(584)	(3,977)	(905)	(23)	(6)	(8,371)
Borrowings	–	(2,779)	(54)	–	–	(1,487)	–	(4,320)
Intra-group liabilities	(47)	(181)	(160)	(97)	(72)	(207)	(1)	(765)
	(1,324)	(4,714)	(798)	(4,330)	(1,022)	(1,927)	(28)	(14,143)
At 31 March 2014	(987)	(1,591)	(741)	(2,392)	(497)	(210)	27	(6,391)
Potential impact on profit for the year – gain/(loss)								
20% increase in functional currency	5	25	(9)	43	(19)	73	(5)	113
20% decrease in functional currency	(5)	(30)	11	(52)	23	(88)	5	(136)
Potential impact on other comprehensive income – gain/(loss)								
20% increase in functional currency	160	240	133	355	101	(38)	–	951
20% decrease in functional currency	(192)	(289)	(159)	(427)	(122)	46	–	(1,143)

[1] These represent the notional amounts of derivative financial instruments.

Notes to the consolidated financial statements continued

21. Financial risk factors continued

The group holds foreign currency cash flow hedges totalling US$1,892 million at 31 March 2015 (2014: US$1,559 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$3,111 million at 31 March 2015 (2014: US$5,617 million). The foreign exchange gains or losses on these instruments are recorded in the net investment hedging reserve and partially offset the foreign currency translation risk on the group's foreign currency net assets.

(ii) Interest rate risk
The policy for managing interest rate risk was refined in the year and is now monitored based on net debt exposures, rather than gross debt as in prior years. As at 31 March 2015 57% (2014: 50%, restated) of net debt was in fixed rates taking into account interest rate derivatives.

The group's practice is to borrow (direct or synthetically) in floating rates, reflecting the fact that floating rates are generally lower than fixed rates over the medium term. The extent to which group borrowings may be in floating rates is restricted by policy such that the impact of a 1% increase in interest rates on finance costs can be no more than an agreed proportion of adjusted EBITDA. The policy excludes borrowings arising from acquisitions in the previous six months. Exposure to movements in interest rates in group borrowings is managed through interest rate derivatives.

The cash flow interest rate risk sensitivities on variable debt and interest rate swaps are shown in the table below. This analysis assumes all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis in the prior year, based on reasonably possible changes in interest rates.

	2015 US$m	2014 US$m
Net debt	**10,465**	14,303
Less: fixed rate debt	**(9,550)**	(11,824)
Variable rate debt	**915**	2,479
Adjust for:		
Financial derivatives	**3,545**	4,712
Net variable rate debt exposure	**4,460**	7,191
+/- 100 bps change		
Potential impact on profit for the year	**45**	72
+/- 100 bps change		
Potential impact on other comprehensive income	**–**	–

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$4,204 million as at 31 March 2015 (2014: US$6,414 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 materially net off in the income statement in the same period.

(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, diesel 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.

At 31 March 2015 the notional value of commodity derivatives amounted to US$142 million (2014: US$143 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- from Standard & Poor's and Fitch, 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.

21. Financial risk factors continued

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$3,760 million (2014: US$4,480 million) which is the total of the group's financial assets.

c. Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

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

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

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.

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.

	2015 US$m	2014 US$m
Amounts expiring:		
Within one year	**65**	214
Between one and two years	**76**	41
Between two and five years	**3,503**	3,019
	3,644	3,274

At 31 March 2015 the group had the following core lines of credit that were available for general corporate purposes.

SABMiller plc:

- US$2,500 million committed syndicated revolving credit facility, which is due to expire in May 2019.

SABMiller Holdings Inc:

- US$1,000 million committed syndicated revolving credit facility, which is due to expire in May 2019.

In April 2015 the group extended its existing US$2,500 million and US$1,000 million committed syndicated facilities, both shown as undrawn in the table above, by one year to May 2020.

The table below analyses the group's financial liabilities 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' and third party 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.

	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 2015				
Borrowings	**(2,355)**	**(2,853)**	**(3,940)**	**(6,978)**
Net settled derivative financial instruments	**(32)**	**(6)**	**(2)**	**–**
Gross settled derivative financial instruments – inflows	**1,570**	**79**	**–**	**–**
Gross settled derivative financial instruments – outflows	**(1,653)**	**(80)**	**–**	**–**
Trade and other payables	**(3,158)**	**(14)**	**–**	**–**
Financial guarantee contracts	**(122)**	**–**	**–**	**–**
At 31 March 2014				
Borrowings	(4,898)	(1,149)	(5,558)	(6,568)
Net settled derivative financial instruments	(28)	–	(14)	(29)
Gross settled derivative financial instruments – inflows	2,926	64	–	–
Gross settled derivative financial instruments – outflows	(2,990)	(69)	–	–
Trade and other payables	(3,265)	(23)	–	–
Financial guarantee contracts	(208)	–	–	–

Notes to the consolidated financial statements continued

21. 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 and the future availability of credit to the group.

The group is currently rated Baa1/positive outlook by Moody's Investors Service and A-/stable outlook by Standard & Poor's Ratings Services.

Fair value estimation

The following tables present the group's financial assets and liabilities that are measured at fair value on a recurring basis, and the fair values of other assets and liabilities that are not measured at fair value, but where the fair value is required to be disclosed in the financial statements.

Recurring fair value measurements

	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
At 31 March 2015				
Assets				
Derivative financial instruments	**–**	**1,233**	**–**	**1,233**
Available for sale investments	**–**	**9**	**12**	**21**
Total assets	**–**	**1,242**	**12**	**1,254**
Liabilities				
Derivative financial instruments	**–**	**(111)**	**–**	**(111)**
Total liabilities	**–**	**(111)**	**–**	**(111)**
At 31 March 2014				
Assets				
Derivative financial instruments	–	769	–	769
Available for sale investments	–	10	12	22
Total assets	–	779	12	791
Liabilities				
Derivative financial instruments	–	(115)	–	(115)
Total liabilities	–	(115)	–	(115)

21. Financial risk factors continued

Assets and liabilities for which fair values are disclosed

	Carrying amount US$m	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
At 31 March 2015					
Assets					
Investments in listed associates					
– Anadolu Efes	**1,080**	**1,187**	**–**	**–**	**1,187**
– Distell Group	**211**	**741**	**–**	**–**	**741**
– Delta Corporation	**179**	**324**	**–**	**–**	**324**
Total assets	**1,470**	**2,252**	**–**	**–**	**2,252**
Liabilities					
Current borrowings	**(1,961)**	**(717)**	**(1,253)**	**–**	**(1,970)**
Non-current borrowings	**(10,583)**	**(10,688)**	**(390)**	**–**	**(11,078)**
Total liabilities	**(12,544)**	**(11,405)**	**(1,643)**	**–**	**(13,048)**
At 31 March 2014					
Assets					
Investments in listed associates					
– Anadolu Efes	1,566	1,580	–	–	1,580
– Distell Group	224	716	–	–	716
– Delta Corporation	141	354	–	–	354
– Tsogo Sun Holdings	375	1,046	–	–	1,046
Total assets	2,306	3,696	–	–	3,696
Liabilities					
Current borrowings	(4,519)	(2,879)	(1,724)	(33)	(4,636)
Non-current borrowings	(12,528)	(12,465)	(732)	(34)	(13,231)
Total liabilities	(17,047)	(15,344)	(2,456)	(67)	(17,867)

There have been no material transfers between levels during the year ended 31 March 2015 (2014: none).

The levels of the fair value hierarchy and its application to the group's assets and liabilities are described below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

The fair value of assets and liabilities 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.

The fair values of derivatives included in level 2 incorporate various inputs including the credit quality of counterparties, spot and forward foreign exchange rates, and interest rate curves.

The fair values of borrowings included in level 2 are based on the net present value of the anticipated future cash flows associated with these instruments, using rates currently available for debt on similar terms, credit risk and remaining maturities.

Valuation techniques for other level 2 instruments could include standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates quotes for similar instruments from financial counterparties or the use of comparable arm's length transactions, and discounted cash flows.

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.

Valuation process

The group's treasury function is responsible for performing fair value measurements for financial instruments. The fair value measurement calculations are subject to review procedures and are performed in accordance with policies defined by the treasury committee.

Other fair value measurements are performed by the group's finance department. Significant level 3 valuations are reviewed and approved by the finance, control and assurance committee in the relevant region on a by exception basis. Valuations falling into this category are usually immaterial.

Notes to the consolidated financial statements continued

22. Derivative financial instruments

Current derivative financial instruments

	2015			2014		
	Notional value US$m	**Assets US$m**	**Liabilities US$m**	Notional value US$m	Assets US$m	Liabilities US$m
Fair value hedges						
Interest rate swaps	**700**	**11**	**–**	1,588	32	–
Cash flow hedges						
Forward foreign currency contracts	**1,757**	**51**	**(30)**	1,450	21	(8)
Cross currency swaps	**492**	**208**	**–**	–	–	–
Commodity contracts	**97**	**3**	**(7)**	105	–	(12)
Net investment hedges						
Forward foreign currency contracts	**2,080**	**109**	**(11)**	2,396	27	(35)
Cross currency swaps	**241**	**30**	**(2)**	335	43	–
Held for trading						
Interest rate swaps	**–**	**–**	**–**	96	–	(1)
Forward foreign currency contracts	**1,439**	**51**	**(51)**	1,985	14	(20)
Cross currency swaps	**–**	**–**	**–**	7	4	(2)
	6,806	**463**	**(101)**	7,962	141	(78)

Financing-related current derivative financial instruments amount to a net asset of US$353 million (2014: US$67 million).

Non-current derivative financial instruments

	2015			2014		
	Notional value US$m	**Assets US$m**	**Liabilities US$m**	Notional value US$m	Assets US$m	Liabilities US$m
Fair value hedges						
Interest rate swaps	**3,504**	**289**	**(1)**	3,826	217	(28)
Cross currency swaps	**–**	**–**	**–**	1,000	35	–
Cash flow hedges						
Forward foreign currency contracts	**135**	**1**	**(1)**	109	–	(1)
Commodity contracts	**45**	**2**	**(3)**	38	–	(4)
Cross currency swaps	**420**	**206**	**–**	1,111	204	–
Net investment hedges						
Forward foreign currency contracts	**–**	**–**	**–**	18	–	(1)
Cross currency swaps	**264**	**123**	**–**	631	102	(2)
Held for trading						
Interest rate swaps	**1,600**	**64**	**(5)**	600	37	(1)
Cross currency swaps	**170**	**85**	**–**	246	33	–
	6,138	**770**	**(10)**	7,579	628	(37)

Financing-related non-current derivative financial instruments amount to a net asset of US$761 million (2014: US$596 million).

Derivatives designated as hedging instruments

(i) Fair value hedges

The group has entered into 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 2015 the carrying value of the hedged borrowings was US$4,363 million (2014: US$7,214 million).

(ii) Cash flow hedges

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.

The group has entered into commodity contracts designated as cash flow hedges to manage the future price of commodities. As at 31 March 2015 the notional amount of forward contracts for the purchase price of aluminium was US$115 million (2014: US$122 million), of corn was US$21 million (2014: US$20 million), of sugar was US$4 million (2014: US$1 million) and of other commodities was US$2 million (2014: US$nil).

The group has entered into cross currency swaps designated as cash flow hedges to manage foreign currency exposures on interest payments.

22. Derivative financial instruments continued

The following table indicates the period in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact the income statement.

	Carrying amount US$m	Expected cash flows US$m	Less than 1 year US$m	Between 1 and 2 years US$m	Between 2 and 5 years US$m	Over 5 years US$m
At 31 March 2015						
Forward foreign currency contracts	**21**	**7**	**8**	**(1)**	**–**	**–**
Commodity contracts	**(5)**	**(9)**	**(6)**	**(2)**	**(1)**	**–**
Cross currency swaps	**414**	**407**	**202**	**89**	**4**	**112**
	430	**405**	**204**	**86**	**3**	**112**
At 31 March 2014						
Forward foreign currency contracts	12	9	11	(2)	–	–
Commodity contracts	(16)	(20)	(13)	(6)	(1)	–
Cross currency swaps	204	118	(16)	98	34	2
	200	107	(18)	90	33	2

(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.

Analysis of notional amounts on derivative financial instruments designated as net investment hedges is as follows. Notional amounts have been translated to US dollars at the closing rate at 31 March.

	2015 US$m	2014 US$m
Forward foreign currency contracts:		
Australian dollar	**515**	695
Colombian peso	**439**	180
Czech koruna	**192**	336
Peruvian nuevo sol	**257**	403
Polish zloty	**164**	114
South African rand	**513**	686
Cross currency swaps:		
Australian dollar	**–**	258
Czech koruna	**297**	382
Polish zloty	**92**	193
South African rand	**116**	133
	2,585	3,380

Held for trading derivative financial instruments

(i) Interest rate swaps

The group has entered into interest rate swaps to manage exposures to fluctuations in interest rates. The derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement.

(ii) 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 and to manage foreign currency exposures on intercompany loan balances. The derivatives are fair valued based on discounted future cash flows with gains and losses taken to the income statement.

(iii) 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.

Notes to the consolidated financial statements continued

22. Derivative financial instruments continued

Fair value gain/(loss) on financial instruments recognised in the income statement

	2015 US$m	2014 US$m
Derivative financial instruments:		
Interest rate swaps	**(39)**	(9)
Interest rate swaps designated as fair value hedges	**428**	(43)
Forward foreign currency contracts	**48**	(3)
Fair value gain/(loss) on forward foreign currency contracts transferred from other comprehensive loss	**8**	(2)
Cross currency swaps	**52**	(27)
Cross currency swaps designated as fair value hedges	**(5)**	(1)
Ineffectiveness arising from cross currency swaps designated as net investment hedges	**(7)**	–
Embedded derivatives	**–**	1
Other fair value gains	**17**	15
	502	(69)
Other financial instruments:		
Early redemption costs (see note 4)	**(48)**	–
Non-current borrowings designated as the hedged item in a fair value hedge	**(428)**	43
Total fair value gain/(loss) on financial instruments recognised in the income statement	**26**	(26)

Fair value gains and losses on borrowings and financing-related derivative financial instruments were recognised as part of net finance costs. Fair value gains and losses on all other derivative financial instruments were recognised in operating profit.

23. Other financial instruments disclosures

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 2015								
Assets								
Available for sale investments	**–**	**–**	**21**	**–**	**–**	**21**	**21**	**–**
Derivative financial instruments	**1,233**	**–**	**–**	**–**	**–**	**1,233**	**770**	**463**
Trade and other receivables	**–**	**1,541**	**–**	**–**	**296**	**1,837**	**126**	**1,711**
Cash and cash equivalents	**–**	**965**	**–**	**–**	**–**	**965**	**–**	**965**
Liabilities								
Derivative financial instruments	**(111)**	**–**	**–**	**–**	**–**	**(111)**	**(10)**	**(101)**
Borrowings	**–**	**–**	**–**	**(12,544)**	**–**	**(12,544)**	**(10,583)**	**(1,961)**
Trade and other payables	**–**	**–**	**–**	**(3,173)**	**(573)**	**(3,746)**	**(18)**	**(3,728)**
At 31 March 2014								
Assets								
Available for sale investments	–	–	22	–	–	22	22	–
Derivative financial instruments	769	–	–	–	–	769	628	141
Trade and other receivables	–	1,608	–	–	352	1,960	139	1,821
Cash and cash equivalents	–	2,081	–	–	–	2,081	–	2,081
Liabilities								
Derivative financial instruments	(115)	–	–	–	–	(115)	(37)	(78)
Borrowings	–	–	–	(17,047)	–	(17,047)	(12,528)	(4,519)
Trade and other payables	–	–	–	(3,289)	(583)	(3,872)	(25)	(3,847)

23. Other financial instruments disclosures continued

Offsetting financial assets and financial liabilities

The following table provides details of financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements, or similar agreements.

	Gross amounts of financial assets US$m	Gross amounts of financial liabilities US$m	Net amounts recognised in the balance sheet US$m	Related amounts of financial instruments not set off in the balance sheet US$m	Net amount US$m
At 31 March 2015					
Assets					
Derivative financial instruments	**1,233**	**–**	**1,233**	**(111)**	**1,122**
Cash and cash equivalents	**982**	**(17)**	**965**	**–**	**965**
Liabilities					
Borrowings	**17**	**(12,561)**	**(12,544)**	**–**	**(12,544)**
Derivative financial instruments	**–**	**(111)**	**(111)**	**111**	**–**
At 31 March 2014					
Assets					
Derivative financial instruments	769	–	769	(106)	663
Trade and other receivables	1,640	(32)	1,608	–	1,608
Cash and cash equivalents	2,090	(9)	2,081	–	2,081
Liabilities					
Borrowings	41	(17,088)	(17,047)	–	(17,047)
Derivative financial instruments	–	(115)	(115)	106	(9)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each party to the agreement will have the option to settle the amounts on a net basis in the event of default of the other party. A default event includes failure by a party to make a payment when due; failure by a party to perform any other obligation required by the agreement if such failure is not remedied within the periods defined in each contract; or bankruptcy.

The group holds other receivables and borrowings balances with the same financial counterparties. Where these arrangements meet the set-off rules under IFRS, the balances have been reported net on the balance sheet.

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 2013	125	301	248	114	78	160	70	1,096
Exchange adjustments	(5)	(20)	(8)	(10)	(6)	(17)	(2)	(68)
Charged/(credited) to the income statement								
– Additional provision in year	24	18	12	37	9	–	7	107
– Amounts reversed	(11)	–	(32)	(28)	–	(2)	(5)	(78)
Utilised in the year	(20)	(31)	(5)	(31)	(26)	(32)	(7)	(152)
Remeasurements of defined benefit plans recorded in other comprehensive loss	–	(22)	–	–	–	–	–	(22)
Transfer between categories	–	–	1	–	–	–	(1)	–
At 31 March 2014	113	246	216	82	55	109	62	883
Exchange adjustments	(17)	(51)	(14)	(14)	(9)	(15)	(5)	(125)
Charged/(credited) to the income statement								
– Additional provision in year	6	27	14	29	8	7	10	101
– Amounts reversed	(5)	–	(29)	(7)	–	(8)	(16)	(65)
Utilised in the year	(6)	(24)	(4)	(17)	(9)	(33)	(12)	(105)
Remeasurements of defined benefit plans recorded in other comprehensive loss	–	7	–	–	–	–	–	7
At 31 March 2015	**91**	**205**	**183**	**73**	**45**	**60**	**39**	**696**

Notes to the consolidated financial statements continued

24. Provisions continued

	2015 US$m	2014 US$m
Analysed as:		
Current	**358**	450
Non-current	**338**	433
	696	883

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 2015 US$1 million (2014: US$1 million) of this provision was utilised in regard to costs associated with SAB Ltd's previously disposed of remaining retail interests. The residual balance of US$6 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$85 million (2014: US$106 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 three years.

While a provision for claims has been recorded, 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 Europe, medical and other benefits in Latin America, and pension provisions for employees primarily in Latin America, Asia Pacific and Europe. The principal assumptions on which these provisions are based are disclosed in note 30.

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 in Australia, Latin America and Europe which are expected to be utilised over the course of the next five years.

Payroll-related
This principally relates to employee entitlement provisions of US$23 million (2014: US$30 million) in Asia Pacific and employee long service awards of US$15 million (2014: US$16 million) in South Africa.

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 five 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

	2015 US$m	2014 US$m
Group and company		
Called up, allotted and fully paid share capital		
1,675,670,012 ordinary shares of 10 US cents each (2014: 1,672,647,930)	**168**	167
50,000 deferred shares of £1.00 each (2014: 50,000)	**–**	–
	168	167

	Ordinary shares of 10 US cents each	Deferred shares of £1 each	Nominal value US$m
At 1 April 2013	1,669,731,799	50,000	167
Issue of shares – share incentive plans	2,916,131	–	–
At 31 March 2014	1,672,647,930	50,000	167
Issue of shares – share incentive plans	3,022,082	–	1
At 31 March 2015	**1,675,670,012**	**50,000**	**168**

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 3,022,082 (2014: 2,916,131) new ordinary shares of 10 US cents to satisfy the exercise of options granted under the group's share purchase, option and award schemes, for consideration of US$62 million (2014: US$54 million).

Rights and restrictions relating to share capital

Convertible participating shares

Convertible participating shares were originally issued to Altria as part of the Miller Brewing Company transaction in 2002 but were subsequently converted into ordinary shares. There are no convertible participating shares currently in issue. Altria is however entitled to require the company to convert its ordinary shares back into convertible participating shares so as to ensure that Altria's voting shareholding does not exceed 24.99% of the total voting shareholding.

If Altria's ordinary shares were converted into convertible participating shares, the convertible participating shares would rank pari passu with the ordinary shares of the company in relation to a distribution of the profits of the company and a return of capital. On a poll vote at general meetings of the company, Altria would be entitled to vote in respect of its convertible participating shares 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 would be entitled on a poll to vote on the resolution on the basis of one vote for each convertible participating share.

Notes to the consolidated financial statements continued

25. Share capital continued

Conversion into ordinary shares

If Altria's ordinary shares are converted into convertible participating shares, the provisions governing possible conversion back into ordinary shares would apply. These state that upon a transfer of convertible participating shares by Altria to any person other than to an affiliate of Altria, such convertible participating shares shall convert into ordinary shares. In addition, Altria is entitled to require the company to convert its convertible participating shares into ordinary shares in the event of a takeover offer for the company, or a third party acquiring more than a 24.99% voting shareholding, provided certain conditions are met.

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 while 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	2015 Number	2014 Number
GBP share options	**10,620,013**	16,035,174
ZAR share options	**7,301,172**	10,108,718
GBP stock appreciation rights (SARs)	**7,083,490**	5,170,646
ZAR stock appreciation rights (SARs)	**1,846,842**	1,178,200
GBP performance share awards	**6,289,875**	6,802,427
GBP value share awards	**11,269,028**	11,297,444
Total share incentives outstanding[1]	**44,410,420**	50,592,609

[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 74 to 96.

The exercise prices of incentives outstanding at 31 March 2015 ranged from £0 to £35.64 and ZAR96.95 to ZAR611.99 (2014: £0 to £33.30 and ZAR96.25 to ZAR527.49). 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 2013	17,809,920	18.42	–
Granted	496,498	33.10	6.65
Lapsed	(308,467)	23.00	–
Exercised	(1,962,777)	13.76	–
Outstanding at 31 March 2014	16,035,174	19.36	–
Granted	240,700	33.13	5.62
Lapsed	(416,624)	23.47	–
Exercised	(5,239,237)	17.03	–
Outstanding at 31 March 2015	**10,620,013**	**20.66**	**–**

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 2013	12,939,245	248.38	–
Granted	644,300	511.07	133.13
Lapsed	(615,083)	332.30	–
Exercised	(2,859,744)	186.52	–
Outstanding at 31 March 2014	10,108,718	277.52	–
Lapsed	(242,037)	381.69	–
Exercised	(2,565,509)	224.27	–
Outstanding at 31 March 2015	**7,301,172**	**292.77**	**–**

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 2013	1,955,529	11.39	–
Granted	3,807,632	33.29	6.67
Lapsed	(154,963)	27.69	–
Exercised	(437,552)	8.70	–
Outstanding at 31 March 2014	5,170,646	27.25	–
Granted	2,971,414	33.13	5.65
Lapsed	(537,598)	31.96	–
Exercised	(520,972)	13.91	–
Outstanding at 31 March 2015	**7,083,490**	**30.34**	**–**

ZAR SARs

ZAR SARs include stock appreciation rights granted under the South African Stock Appreciation Rights Sub-Plan 2008.

	Number of SARs	Weighted average exercise price ZAR	Weighted average fair value at grant date ZAR
Outstanding at 1 April 2013	–	–	–
Granted	1,209,900	527.49	140.05
Lapsed	(31,700)	527.49	–
Outstanding at 31 March 2014	1,178,200	527.49	–
Granted	824,378	590.38	160.13
Lapsed	(133,946)	554.28	–
Exercised	(21,790)	578.78	–
Outstanding at 31 March 2015	**1,846,842**	**553.02**	**–**

Notes to the consolidated financial statements continued

25. Share capital continued

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 2013	7,505,723	–	–
Granted	2,102,870	–	30.86
Lapsed	(483,188)	–	–
Released to participants	(2,322,978)	–	–
Outstanding at 31 March 2014	6,802,427	–	–
Granted	2,148,339	–	30.81
Lapsed	(1,455,340)	–	–
Released to participants	(1,205,551)	–	–
Outstanding at 31 March 2015	**6,289,875**	**–**	**–**

GBP value share awards

The 3,295,212 (2014: 3,606,720) value share awards granted during the year ended 31 March 2015 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 2013	3,400	11,721,564	–	–
Granted	680	3,606,720	–	11.84
Lapsed	(220)	(3,109,297)	–	–
Released to participants	(1,012)	(921,543)	–	–
Outstanding at 31 March 2014	2,848	11,297,444	–	–
Granted	680	3,295,212	–	8.18
Lapsed	(368)	(3,011,712)	–	–
Released to participants	(485)	(311,916)	–	–
Outstanding at 31 March 2015	**2,675**	**11,269,028**	**–**	**–**

Of the value share awards released, 328,554 (2014: 384,684) shares were deferred and remain subject to a risk of forfeiture. During 2014 344,516 value share awards were converted to nil-cost options for the benefit of Graham Mackay's estate and were exercised in 2015.

25. Share capital continued

Outstanding share incentives

The following table summarises information about share incentives outstanding at 31 March.

Range of exercise prices	Number 2015	Weighted average remaining contractual life in years 2015	Number 2014	Weighted average remaining contractual life in years 2014
GBP share options				
£6 – £7	**–**	**–**	2,900	0.1
£8 – £9	**7,650**	**0.1**	407,721	1.1
£9 – £10	**12,500**	**3.6**	72,500	4.6
£10 – £11	**439,100**	**1.8**	734,900	2.5
£11 – £12	**535,643**	**2.1**	958,936	3.1
£12 – £13	**1,637,418**	**3.8**	2,857,346	4.8
£17– £18	**–**	**–**	3,500	5.6
£19 – £20	**1,544,924**	**5.2**	2,472,347	6.2
£20 – £21	**23,200**	**5.7**	23,200	6.7
£22 – £23	**2,112,785**	**6.2**	3,647,746	7.2
£23 – £24	**3,545,118**	**7.2**	4,276,980	8.2
£25 – £26	**–**	**–**	13,400	7.9
£28 – £29	**67,739**	**7.7**	69,100	8.7
£31 – £32	**3,804**	**8.7**	3,804	9.7
£33 – £34	**688,280**	**8.5**	490,794	9.2
£35 – £36	**1,852**	**9.7**	–	–
	10,620,013	**5.8**	16,035,174	6.3
ZAR share options				
R90 – R100	**13,000**	**0.1**	196,300	0.9
R120 – R130	**201,243**	**1.0**	365,513	2.0
R140 – R150	**426,900**	**3.2**	617,800	4.3
R150 – R160	**307,450**	**3.9**	328,200	4.9
R160 – R170	**126,950**	**2.1**	235,650	3.1
R180 – R190	**450,600**	**2.9**	721,700	3.9
R210 – R220	**723,400**	**4.8**	979,300	5.8
R220 – R230	**719,200**	**5.7**	1,043,900	6.7
R250 – R260	**256,350**	**6.2**	485,000	7.2
R290 – R300	**1,216,459**	**6.7**	1,936,235	7.7
R310 – R320	**485,300**	**7.2**	583,700	8.2
R400 – R410	**1,845,320**	**7.7**	2,006,120	8.7
R510 – R520	**529,000**	**8.2**	609,300	9.2
	7,301,172	**6.0**	10,108,718	6.7
GBP SARs				
£6 – £7	**–**	**–**	12,334	0.1
£8 – £9	**2,000**	**0.1**	250,768	1.1
£9 – £10	**–**	**–**	2,275	4.6
£10 – £11	**248,625**	**1.1**	306,359	2.1
£11 – £12	**354,751**	**2.1**	426,451	3.1
£12 – £13	**256,968**	**3.3**	306,627	4.3
£13 – £14	**8,700**	**2.6**	8,700	3.6
£19 – £20	**40,000**	**5.2**	44,500	6.2
£22 – £23	**46,600**	**6.2**	61,600	7.2
£23 – £24	**53,100**	**7.2**	58,100	8.2
£31 – £32	**31,496**	**8.7**	31,496	9.7
£33 – £34	**6,011,659**	**8.6**	3,661,436	9.2
£34 – £35	**7,493**	**9.9**	–	–
£35 – £36	**22,098**	**9.7**	–	–
	7,083,490	**7.8**	5,170,646	7.5

Notes to the consolidated financial statements continued

25. Share capital continued

Range of exercise prices	Number 2015	Weighted average remaining contractual life in years 2015	Number 2014	Weighted average remaining contractual life in years 2014
ZAR SARs				
R520 – R530	**1,097,800**	**8.7**	1,178,200	9.7
R580 – R590	**732,556**	**9.2**	–	–
R610 – R620	**16,486**	**9.7**	–	–
	1,846,842	**8.9**	1,178,200	9.7
GBP performance share awards				
£0	**6,289,875**	**1.2**	6,802,427	1.3
GBP value share awards				
£0	**11,269,028**	**2.2**	11,297,444	3.1
Total share incentives outstanding	**44,410,420**	**4.7**	50,592,609	5.2

Exercisable share incentives
The following table summarises information about exercisable share incentives outstanding at 31 March.

	Number 2015	Weighted average exercise price 2015	Number 2014	Weighted average exercise price 2014
GBP share options	**6,106,401**	**17.28**	7,860,114	14.90
ZAR share options	**4,503,152**	**221.77**	4,582,263	185.88
GBP SARs	**1,053,044**	**14.36**	1,369,214	11.39
ZAR SARs	**11,500**	**545.96**	1,200	527.49

Share incentives exercised or released
The weighted average market price of the group's shares at the date of exercise or release for share incentives exercised or released during the year were:

	Number 2015	Weighted average market price 2015	Number 2014	Weighted average market price 2014
Share incentives designated in GBP	**7,277,676**	**34.46**	5,644,850	31.53
Share incentives designated in ZAR	**2,587,299**	**618.50**	2,859,744	512.29
Total share incentives exercised or released during the year	**9,864,975**		8,504,594	

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) Ltd (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 10-year scheme term for shares in SABMiller plc based on a repurchase formula linked, inter alia, to the operating performance of SAB. No performance conditions and exercise prices are attached to these shares, although the employee component has a four-year vesting period. The weighted average fair value of each SAB share at the grant date was ZAR40.

Weighted average fair value assumptions
The fair value of services received in return for share awards granted is measured by reference to the fair value of share awards granted. The estimate of the fair value of the services received is measured based on a binomial model approach except for the awards under Performance Share Award schemes, the Executive Share Award Plan 2008 (including value share awards) and the BBBEE scheme which have been valued using Monte Carlo simulations.

The Monte Carlo simulation methodology is necessary for valuing share-based payments with TSR performance hurdles. This is achieved by projecting SABMiller plc's share price forwards, together with those of companies in the same comparator group, over the vesting period and/or life of the awards after considering their respective volatilities.

25. Share capital continued

The following weighted average assumptions were used in these option pricing models during the year.

	2015	2014
Share price[1]		
– South African share option scheme (ZAR)	**583.97**	512.06
– All other schemes (GBP)	**32.77**	33.09
Exercise price[1]		
– South African share option scheme (ZAR)	**590.36**	521.78
– All other schemes (GBP)	**12.18**	14.32
Expected volatility (all schemes)[2] (%)	**21.3**	25.3
Dividend yield (all schemes) (%)	**2.1**	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 (%)	**7.5**	6.9
– All other schemes (%)	**1.7**	0.8

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 from seven years prior to the grant date.

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 2013	(643)	14,353	13,710
Profit for the year	–	3,381	3,381
Other comprehensive income	–	54	54
Remeasurements of defined benefit plans taken to other comprehensive income	–	22	22
Share of associates' and joint ventures' other comprehensive income	–	45	45
Deferred tax charge on items taken to other comprehensive income	–	(13)	(13)
Dividends paid	–	(1,640)	(1,640)
Utilisation of merger relief reserve	–	265	265
Buyout of non-controlling interests	–	(5)	(5)
Payment for purchase of own shares for share trusts	(79)	–	(79)
Utilisation of treasury and EBT shares	63	(42)	21
Credit entry relating to share-based payments	–	178	178
At 31 March 2014	(659)	16,544	15,885
Profit for the year	–	3,299	3,299
Other comprehensive loss	–	(153)	(153)
Remeasurements of defined benefit plans taken to other comprehensive loss	–	(7)	(7)
Share of associates' and joint ventures' other comprehensive loss	–	(216)	(216)
Deferred tax charge on items taken to other comprehensive loss	–	70	70
Dividends paid	–	(1,705)	(1,705)
Utilisation of merger relief reserve	–	358	358
Share of associates' and joint ventures' other reserves moves	–	(6)	(6)
Payment for purchase of own shares for share trusts	(146)	–	(146)
Utilisation of treasury and EBT shares	125	(28)	97
Credit entry relating to share-based payments	–	117	117
At 31 March 2015	**(680)**	**18,426**	**17,746**

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26. Retained earnings and other reserves continued

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. During 2015 3,500,000 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. During 2015 3,320,906 treasury shares (2014: 1,345,165 shares) were used to directly satisfy share awards. As at 31 March 2015 a total of 59,302,267 shares (2014: 66,123,173 shares) 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 2015 the EBT held 8,997,945 shares (2014: 6,833,632 shares) which cost US$228 million (2014: US$152 million) and had a market value of US$471 million (2014: US$341 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. At 31 March 2015 and 31 March 2014 the AC-EBT did not hold any 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 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 2015 (2014: nil).

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 2013	1,624	(26)	(278)	8	1,328
Currency translation differences	(2,267)	–	–	–	(2,267)
Net investment hedges	–	–	102	–	102
Cash flow hedges	–	34	–	–	34
Deferred tax on items taken to other comprehensive income	–	1	–	–	1
Share of associates' and joint ventures' other comprehensive income/(loss)	104	2	–	(6)	100
At 31 March 2014	(539)	11	(176)	2	(702)
Currency translation differences	(5,308)	–	–	–	(5,308)
Net investment hedges	–	–	608	–	608
Cash flow hedges	–	30	–	–	30
Deferred tax on items taken to other comprehensive loss	–	(3)	–	–	(3)
Share of associates' and joint ventures' other comprehensive loss	(79)	(3)	–	–	(82)
At 31 March 2015	**(5,926)**	**35**	**432**	**2**	**(5,457)**

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

	2015 US$m	2014 US$m
Profit for the year	**3,557**	3,650
Taxation	**1,273**	1,173
Share of post-tax results of associates and joint ventures	**(1,083)**	(1,226)
Net finance costs	**637**	645
Operating profit	**4,384**	4,242
Depreciation:		
– Property, plant and equipment	**602**	621
– Containers	**219**	233
Container breakages, shrinkages and write-offs	**57**	80
Profit on disposal of businesses	**(45)**	(72)
Profit on disposal of available for sale investments	**(1)**	–
Profit on disposal of investments in associates	**(403)**	–
(Gain)/loss on dilution of investment in associates	**(2)**	18
Profit on disposal of property, plant and equipment	**(18)**	(17)
Amortisation of intangible assets	**410**	427
Impairment of goodwill	**286**	–
Impairment of intangible assets	**6**	8
Impairment of property, plant and equipment	**73**	52
Impairment of working capital balances	**68**	55
Amortisation of advances to customers	**35**	40
Unrealised fair value gain on derivatives included in operating profit	**(15)**	(8)
Dividends received from other investments	**(1)**	(1)
Charge with respect to share options	**112**	141
Charge with respect to Broad-Based Black Economic Empowerment scheme	**5**	13
Other non-cash movements	**(92)**	(155)
Net cash generated from operations before working capital movements	**5,680**	5,677
Increase in inventories	**(30)**	(73)
(Increase)/decrease in trade and other receivables	**(218)**	128
Increase in trade and other payables	**396**	113
Decrease in provisions	**(13)**	(89)
(Decrease)/increase in post-retirement benefit provisions	**(3)**	14
Net cash generated from operations	**5,812**	5,770

27b. Reconciliation of net cash generated from operating activities to free cash flow

	2015 US$m	2014 US$m
Net cash generated from operating activities	**3,722**	3,431
Purchase of property, plant and equipment	**(1,394)**	(1,401)
Proceeds from sale of property, plant and equipment	**68**	70
Purchase of intangible assets	**(178)**	(84)
Investments in joint ventures	**(216)**	(188)
Investments in associates	**(3)**	(199)
Dividends received from joint ventures	**976**	903
Dividends received from associates	**430**	224
Dividends received from other investments	**1**	1
Dividends paid to non-controlling interests	**(173)**	(194)
Free cash flow	**3,233**	2,563

Notes to the consolidated financial statements continued

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

	2015 US$m	2014 US$m
Cash and cash equivalents (balance sheet)	**965**	2,081
Overdrafts	**(215)**	(213)
Cash and cash equivalents (cash flow statement)	**750**	1,868

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$m	Gross debt US$m	Net debt US$m
At 1 April 2013	2,171	(212)	(18,301)	777	(35)	(17,771)	(15,600)
Exchange adjustments	(65)	4	26	(24)	3	9	(56)
Principal-related cash flows	(25)	(5)	1,244	(188)	9	1,060	1,035
Other movements	–	–	248	98	(28)	318	318
At 31 March 2014	2,081	(213)	(16,783)	663	(51)	(16,384)	(14,303)
Exchange adjustments	(157)	40	713	(51)	6	708	551
Principal-related cash flows	(959)	(42)	3,819	(243)	10	3,544	2,585
Other movements	–	–	(25)	745	(18)	702	702
At 31 March 2015	**965**	**(215)**	**(12,276)**	**1,114**	**(53)**	**(11,430)**	**(10,465)**

27d. Major non-cash transactions
Major non-cash transactions included the following.

Additional profit realised in 2014 and 2015 on the disposal of the group's Angolan operations in Africa in 2012.

In 2015 impairment charges relating to the group's business in India in Asia Pacific and the group's share of the impairment charges taken by Anadolu Efes in relation to its beer businesses in Russia and Ukraine. Additionally, impairment charges in Australia including those in 2015 relating to the pending closure of the Campbelltown cidery and Port Melbourne brewery, and in 2014 the closure of the Warnervale brewery and the cessation of the Bluetongue brand.

In 2015 the recycling of foreign currency translation reserves following the repayment of an intercompany loan.

During 2014 Broad-Based Black Economic Empowerment (BBBEE) related charges in South Africa, including share based payment charges in relation to the employee component of the BBBEE scheme, together with the loss on the dilution of the group's investment in its associate Distell Group Ltd as a result of the exercise of share options issued as part of its BBBEE scheme.

28. Acquisitions and disposals
Acquisitions
In July 2014 the group acquired the trade and assets of a business in Mayotte in Africa for consideration of US$3 million. The business combination has been accounted for using the acquisition method.

Non-controlling interests
Non-controlling interests in Bavaria SA in Colombia in Latin America were acquired for a cash consideration of US$3 million, reducing equity by US$3 million. There was no change in the group's effective interest in Bavaria SA.

Disposals
The group completed the sale of its investment in Tsogo Sun, its hotels and gaming associate listed on the Johannesburg Stock Exchange, in August 2014 through an institutional placing and share buyback. The group received net proceeds of US$971 million, and realised a post-tax profit of US$239 million.

In January 2015 the group received net proceeds of US$7 million and realised a net profit of US$2 million, after associated costs, on the disposal of its packaging associate in Panama, Latin America.

29. 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.

	2015 US$m	2014 US$m
Land and buildings		
Within one year	**67**	67
Later than one year and less than five years	**134**	147
After five years	**24**	30
	225	244
Plant, vehicles and systems		
Within one year	**43**	58
Later than one year and less than five years	**79**	124
After five years	**11**	16
	133	198

b. Other commitments

	2015 US$m	2014 US$m
Capital commitments not provided in the financial information		
Contracts placed for future expenditure for property, plant and equipment	**151**	271
Contracts placed for future expenditure for intangible assets	**1**	16
Share of capital commitments of joint ventures	**66**	55
Other commitments not provided in the financial information		
Contracts placed for future expenditure	**1,799**	3,736
Share of joint ventures' other commitments	**390**	393

Contracts placed for future expenditure in 2015 primarily relate to minimum purchase commitments for raw materials and packaging materials, which are principally due between 2015 and 2020.

The group's share of joint ventures' other commitments primarily relate to MillerCoors' various long-term non-cancellable advertising and promotion commitments.

c. Contingent liabilities and guarantees

	2015 US$m	2014 US$m
Guarantees to third parties[1]	**9**	4
Other contingent liabilities	**6**	4
	15	8

[1] **Guarantees to third parties**
These primarily relate to guarantees given by Grolsch and Nile Breweries Ltd to banks in relation to loans taken out by third party trade customers and suppliers respectively.

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 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.

The group has exposures to various environmental risks. Although it is difficult to predict the group's liability with respect to these risks, future payments, if any, would be made over a period of time in amounts that would not be material to the group's financial position, except insofar as already provided in the consolidated financial statements.

Notes to the consolidated financial statements continued

30. 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 are as follows.

	2015 US$m	2014 US$m
Defined contribution scheme costs	**98**	106
Defined benefit pension plan costs	**19**	11
Post-retirement medical and other benefit costs	**8**	7

The amounts recognised in the balance sheet are determined as follows.

	2015 US$m	2014 US$m
Portion of defined benefit obligation that is partly or wholly funded	**(405)**	(405)
Fair value of plan assets	**457**	479
Surplus of funded plans	**52**	74
Impact of asset ceiling	**(57)**	(78)
Deficit of funded plans	**(5)**	(4)
Portion of defined benefit obligation that is unfunded	**(124)**	(155)
Medical and other post-retirement benefits	**(76)**	(87)
Provisions for defined benefit plans	**(205)**	(246)
Accruals for defined contribution plans	**(4)**	(4)

The group operates various defined contribution and defined benefit schemes. Details of the main defined benefit schemes are provided below.

Latin America pension plans

The group operates a number of pension plans throughout Latin America. Details of the major plan are provided below.

The Colombian Labour Code Pension Plan is an unfunded plan 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 2015 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 scheme, named Stichting Pensioenfonds van de Grolsche Bierbrouwerij, is a funded plan of the defined benefit type, based on average salary with assets held in separately administered funds. The pension scheme is managed through a separate entity with its own board. The latest valuation of the Grolsch pension scheme was carried out at 31 March 2015 by an independent actuary using the projected unit credit method.

Carlton & United Breweries pension scheme

The Carlton & United Breweries pension scheme is a superannuation fund that provides accumulation style and defined benefits to employees. The company funds the defined benefits, administration and insurance costs of the scheme as a benefit to employees who elect to be members of this scheme. The board of trustees is responsible for the governance of the scheme on behalf of the members. The latest actuarial valuation of the Carlton & United Breweries pension scheme was carried out at 30 June 2014 by an independent actuary using the projected unit credit method. The valuation update for the scheme was carried out at 31 March 2015 by an independent actuary. The defined benefits section is now closed to new members.

30. Pensions and post-retirement benefits continued

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 governance of the schemes is the responsibility of the boards of trustees on behalf of the members, subject to the provisions of local legislation and the rules for each scheme.

The ABI Pension Fund no longer has any active or pensioner members. There are surplus assets remaining in the scheme that will be distributed to former members.

The Suncrush Pension Fund has pensioners where the pension liabilities have been outsourced to an insurance provider. The trustees have made a provision in the fund rules for the active members such that benefits will be paid to members on exit for their benefits valued as at 1 July 2005. No further benefits are being accrued for active members.

The Suncrush Retirement Fund has no liabilities and is the process of being closed down.

Risks

The most significant risks the group is exposed to through its defined benefit pension plans and post-employment medical plans are as follows.

Volatility of investment returns

Those schemes that hold assets are exposed to volatility in investment returns on those assets, which may be higher or lower than the assumed expected return on those assets. Asset mix is varied for each individual scheme to ensure investment volatility risk is appropriately managed.

Salary, pension and healthcare cost inflation risk

Scheme liabilities for the defined benefit pension and post-retirement medical plans are calculated based on assumed rates of salary, pension and/or healthcare cost inflation. Increases in these inflation rates will lead to higher liabilities.

Change in discount rate

A decrease in corporate bond yields will result in a decrease in the discount rate and therefore an increase in scheme liabilities. This will be partially offset by an increase in the value of plan assets where the scheme holds bonds.

Mortality rates

The majority of the group's obligations to provide benefits under both the defined benefit pension plans and medical and other post-retirement benefits are for the life of the member. Increases in life expectancy will result in increases in the scheme liabilities associated with the schemes. The group ensures mortality rate assumptions incorporated in the actuarial calculations of the present value of scheme liabilities are from reliable sources.

Principal actuarial assumptions at 31 March (expressed as weighted averages)

			Defined benefit pension plans		Medical and other post-retirement benefits	
		Latin America	Grolsch	Other	South Africa	Other
At 31 March 2015						
Discount rate (%)		**6.9**	**1.9**	**2.4**	**8.0**	**6.0**
Salary inflation (%)		**3.0**	**1.0**	**2.6**	**–**	**–**
Pension inflation (%)		**3.0**	**0.7**	**3.2**	**–**	**–**
Healthcare cost inflation (%)		**–**	**–**	**–**	**7.1**	**2.9**
Mortality rate assumptions						
– Retirement age:	Males	**56**	**67**	**65**	**63**	**58**
	Females	**51**	**67**	**65**	**63**	**55**
– Life expectations on retirement age:						
Retiring today:	Males	**23**	**21**	**15**	**16**	**22**
	Females	**32**	**24**	**20**	**20**	**29**
Retiring in 20 years:	Males	**23**	**24**	**16**	**16**	**22**
	Females	**32**	**26**	**20**	**20**	**29**
At 31 March 2014						
Discount rate (%)		6.9	3.4	4.5	9.9	6.4
Salary inflation (%)		3.0	2.0	3.4	–	–
Pension inflation (%)		3.0	0.7	3.7	–	–
Healthcare cost inflation (%)		–	–	–	8.7	3.0
Mortality rate assumptions						
– Retirement age:	Males	55	65	62	63	58
	Females	51	65	60	63	54
– Life expectations on retirement age:						
Retiring today:	Males	26	21	19	16	25
	Females	35	24	23	19	32
Retiring in 20 years:	Males	26	23	19	17	25
	Females	35	25	23	20	32

Notes to the consolidated financial statements continued

30. Pensions and post-retirement benefits continued

The movement in the defined benefit pension plan liabilities are as follows.

										Defined benefit pension plans
	Latin America	Grolsch			Other			Total		
	Present value of scheme liabilities US$m	Present value of scheme liabilities US$m	Fair value of plan assets US$m	Total US$m	Present value of scheme liabilities US$m	Fair value of plan assets US$m	Total US$m	Present value of scheme liabilities US$m	Fair value of plan assets US$m	Total US$m
At 1 April 2013	(181)	(298)	377	79	(93)	76	(17)	(572)	453	(119)
Benefits paid	16	11	(11)	–	5	(5)	–	32	(16)	16
Contributions paid by plan participants	–	(3)	–	(3)	–	–	–	(3)	–	(3)
Employer contributions	–	–	10	10	–	3	3	–	13	13
Current service cost	(1)	(3)	–	(3)	(3)	–	(3)	(7)	–	(7)
Past service credit	–	6	–	6	–	–	–	6	–	6
Interest (costs)/income	(9)	(12)	14	2	(2)	3	1	(23)	17	(6)
Remeasurements:	23	(17)	(10)	(27)	5	2	7	11	(8)	3
– Return on plan assets, excluding amounts included in interest income	–	–	(10)	(10)	–	–	–	–	(10)	(10)
– Gain from change in demographic assumptions	8	–	–	–	–	–	–	8	–	8
– Gain/(loss) from change in financial assumptions	11	(20)	–	(20)	2	–	2	(7)	–	(7)
– Experience gains	4	3	–	3	3	2	5	10	2	12
Exchange adjustments	11	(22)	28	6	7	(8)	(1)	(4)	20	16
At 31 March 2014	(141)	(338)	408	70	(81)	71	(10)	(560)	479	(81)
Benefits paid	13	11	(11)	–	16	(14)	2	40	(25)	15
Contributions paid by plan participants	–	(2)	–	(2)	(1)	–	(1)	(3)	–	(3)
Employer contributions	–	–	7	7	–	1	1	–	8	8
Current service cost	(1)	(4)	–	(4)	(3)	–	(3)	(8)	–	(8)
Past service cost	(1)	–	–	–	–	–	–	(1)	–	(1)
Interest (costs)/income	(9)	(10)	12	2	(3)	3	–	(22)	15	(7)
Remeasurements:	(6)	(105)	95	(10)	(2)	2	–	(113)	97	(16)
– Return on plan assets, excluding amounts included in interest income	–	–	95	95	–	–	–	–	95	95
– Gain/(loss) from change in demographic assumptions	6	(2)	–	(2)	–	–	–	4	–	4
– Loss from change in financial assumptions	–	(107)	–	(107)	(2)	–	(2)	(109)	–	(109)
– Experience (losses)/gains	(12)	4	–	4	–	2	2	(8)	2	(6)
Exchange adjustments	32	92	(106)	(14)	14	(11)	3	138	(117)	21
At 31 March 2015	**(113)**	**(356)**	**405**	**49**	**(60)**	**52**	**(8)**	**(529)**	**457**	**(72)**

30. Pensions and post-retirement benefits continued

The fair value of assets in pension schemes are as follows.

	Defined benefit pension plans			
	Latin America US$m	Grolsch US$m	Other US$m	Total US$m
At 31 March 2015				
Equities – quoted	**–**	**138**	**12**	**150**
Bonds – quoted	**–**	**248**	**16**	**264**
Cash and cash equivalents	**–**	**2**	**22**	**24**
Property and other	**–**	**17**	**2**	**19**
Total fair value of assets	**–**	**405**	**52**	**457**
Present value of scheme liabilities	**(113)**	**(356)**	**(60)**	**(529)**
(Deficit)/surplus in the scheme	**(113)**	**49**	**(8)**	**(72)**
Unrecognised pension asset due to limit	**–**	**(49)**	**(8)**	**(57)**
Pension liability recognised	**(113)**	**–**	**(16)**	**(129)**
At 31 March 2014				
Equities – quoted	–	137	18	155
Bonds – quoted	–	251	22	273
Cash and cash equivalents	–	–	26	26
Property and other	–	20	5	25
Total fair value of assets	–	408	71	479
Present value of scheme liabilities	(141)	(338)	(81)	(560)
(Deficit)/surplus in the scheme	(141)	70	(10)	(81)
Unrecognised pension asset due to limit	–	(70)	(8)	(78)
Pension liability recognised	(141)	–	(18)	(159)

In respect of defined benefit pension 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 not been recognised 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.

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30. Pensions and post-retirement benefits continued

The movements in the asset ceiling are as follows:

	Defined benefit pension plans		
	Grolsch US$m	Other US$m	Total US$m
Asset ceiling at 1 April 2013	(79)	(8)	(87)
Interest costs	(3)	(1)	(4)
Change in the asset ceiling, excluding amounts included in interest costs	18	(1)	17
Exchange adjustments	(6)	2	(4)
Asset ceiling at 31 March 2014	(70)	(8)	(78)
Interest costs	(2)	(1)	(3)
Change in the asset ceiling, excluding amounts included in interest costs	9	(1)	8
Exchange adjustments	14	2	16
Asset ceiling at 31 March 2015	**(49)**	**(8)**	**(57)**

The movement in the post-employment medical benefit liabilities are as follows. The obligations are wholly unfunded.

	Medical and other post-retirement benefits		
	South Africa US$m	Other US$m	Total US$m
Present value of scheme liabilities at 1 April 2013	(47)	(48)	(95)
Benefits paid	–	3	3
Employer contributions	2	–	2
Current service cost	(1)	(1)	(2)
Interest costs	(4)	(1)	(5)
Remeasurements:	(3)	5	2
– Gain from change in demographic assumptions	–	2	2
– (Loss)/gain from change in financial assumptions	(1)	2	1
– Experience (losses)/gains	(2)	1	(1)
Exchange adjustments	7	1	8
Present value of scheme liabilities at 31 March 2014	(46)	(41)	(87)
Benefits paid	–	2	2
Employer contributions	2	–	2
Current service cost	(1)	(2)	(3)
Interest costs	(4)	(1)	(5)
Remeasurements:	1	–	1
– Loss from change in demographic assumptions	–	(1)	(1)
– Loss from change in financial assumptions	(1)	–	(1)
– Experience gains	2	1	3
Exchange adjustments	6	8	14
Present value of scheme liabilities at 31 March 2015	**(42)**	**(34)**	**(76)**

30. Pensions and post-retirement benefits continued

The sensitivity of the pension plan and medical and other post-retirement benefit liabilities at 31 March 2015 to changes in the principal actuarial assumptions is as follows.

		Defined benefit pension plans		Medical and other post-retirement benefits	
	Change in assumption	Increase US$m	Decrease US$m	Increase US$m	Decrease US$m
Discount rate	1%	72	94	6	7
Salary growth rate	1%	7	7	–	–
Pension growth rate	1%	86	48	–	–
Life expectancy	1 year	11	11	2	2
Healthcare cost inflation	1%	–	–	7	6

The above sensitivity analyses assume a change in a single assumption while all other assumptions are held constant. When calculating the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, consistent with the method used to calculate the defined benefit obligation recognised in the balance sheet. The methods and assumptions used to prepare the sensitivity analyses are consistent with those used in the prior year.

For funded defined benefit plans, the group is required to provide funding where the fair value of the assets of the scheme are not sufficient to meet the defined benefit obligations. The South Africa pension schemes no longer have any active members, therefore, funding will only be required in the event that the scheme becomes less than 100% funded. The remaining funded defined benefit plans are funded using recommendations provided by the scheme's actuaries.

Contributions expected to be paid into the group's major defined benefit schemes during the year ending 31 March 2016 are US$19 million.

The weighted average duration of the defined benefit obligation is 16 years.

31. 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 ended 31 March 2015. During the year ended 31 March 2014 Bavaria SA and its subsidiaries made donations of US$14 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. There were no balances owing to the SDG at 31 March 2015 and 31 March 2014.

b. Associates and joint ventures

Details relating to transactions with associates and joint ventures are analysed below.

	2015 US$m	2014 US$m
Purchases from associates[1]	**(173)**	(168)
Purchases from joint ventures[2]	**(88)**	(93)
Sales to associates[3]	**9**	9
Sales to joint ventures[4]	**21**	23
Dividends receivable from associates[5]	**423**	224
Dividends received from joint ventures[6]	**976**	903
Royalties received from associates[7]	**18**	25
Royalties received from joint ventures[8]	**1**	2
Management fees, guarantee fees and other recoveries received from associates[9]	**14**	11
Marketing fees paid to associates[10]	**(1)**	–
Management fees paid to joint ventures[11]	**(2)**	(2)

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), Associated Fruit Processors (Pty) Ltd (AFP) and Delta Corporation Ltd (Delta); and accommodation from Tsogo Sun.

2 The group purchased lager from MillerCoors LLC (MillerCoors).

3 The group made sales of lager to Tsogo Sun, Delta, Anadolu Efes Biracılık ve Malt Sanayii AŞ (Anadolu Efes), International Trade and Supply Ltd (ITSL) and Distell.

4 The group made sales to MillerCoors.

5 The group had dividends receivable from China Resources Snow Breweries Ltd (CR Snow) of US$228 million (2014: US$nil), Castel of US$108 million (2014: US$97 million), Coca-Cola Canners of US$5 million (2014: US$5 million), Distell of US$18 million (2014: US$20 million), Tsogo Sun of US$24 million (2014: US$34 million), Delta of US$18 million (2014: US$17 million), International Trade and Supply Limited of US$21 million (2014: US$18 million), Grolsch (UK) Ltd of US$1 million (2014: US$1 million), and Anadolu Efes of US$nil (2014: US$32 million).

6 The group received dividends from MillerCoors.

7 The group received royalties from Delta and Anadolu Efes.

8 The group received royalties from MillerCoors.

9 The group received management fees from Delta, consulting fees from Anadolu Efes and other recoveries from AFP.

10 The group paid marketing fees to ITSL.

11 The group paid management fees to MillerCoors.

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31. Related party transactions continued

At 31 March	2015 US$m	2014 US$m
Amounts owed by associates – trade[1]	**28**	42
Amounts owed by joint ventures[2]	**4**	5
Amounts owed to associates[3]	**(38)**	(39)
Amounts owed to joint ventures[4]	**(18)**	(16)

[1] Amounts owed by AFP, Delta, Coca-Cola Canners, Castel, ITSL, and Anadolu Efes.

[2] Amounts owed by MillerCoors.

[3] Amounts owed to AFP and Castel.

[4] Amounts owed to MillerCoors.

Guarantees provided in respect of associates' bank facilities are detailed in note 21.

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. Key management compensation is provided in note 6c.

32. Post balance sheet events
On 15 May 2015 the group announced it was to acquire 100% of Meantime Brewing Company Ltd, a UK modern craft brewer. The transaction is expected to complete in June 2015.

33. Principal subsidiaries, associates and joint ventures

The principal subsidiary undertakings of the group as at 31 March were as follows.

Name	Country of incorporation	Principal activity	Effective interest 2015	Effective interest 2014
Corporate				
SABMiller Holdings Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Africa & Asia BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller Holdings SA 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	Switzerland	Procurement	**100%**	100%
SABSA Holdings Ltd	South Africa	Holding company	**100%**	100%
SABMiller America Holdings Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Australia Holdings Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller SI Ltd	United Kingdom	Holding company	**100%**	100%
Latin American operations				
Bavaria SA	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[2]	Ecuador	Brewing	**96%**	96%
Cervecería Nacional SA[2]	Panama	Brewing	**97%**	97%
Cervecería San Juan SA[2]	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[2]	Peru	Brewing	**94%**	94%
African operations				
SABMiller Africa BV	Netherlands	Holding company	**62%**	62%
SABMiller Botswana BV	Netherlands	Holding company	**62%**	62%
SABMiller Africa Holdings Ltd[3]	United Kingdom	Holding company	**100%**	100%
SABMiller Investments Ltd	Mauritius	Holding company	**80%**	80%
SABMiller Investments II BV	Netherlands	Holding company	**80%**	80%
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%
Appletiser South Africa (Pty) Ltd	South Africa	Fruit juices	**100%**	100%
Cervejas de Moçambique SA[2]	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%**	38%
International Breweries plc[2]	Nigeria	Brewing	**36%**	36%
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[2]	Zambia	Sorghum brewing	**43%**	43%
Nile Breweries Ltd	Uganda	Brewing	**62%**	62%
Pabod Breweries Ltd	Nigeria	Brewing	**41%**	41%
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[2]	Tanzania	Brewing	**36%**	36%
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%
Voltic (GH) Ltd	Ghana	Soft drinks	**80%**	80%
Voltic Nigeria Ltd	Nigeria	Soft drinks	**50%**	50%
Zambian Breweries plc[2]	Zambia	Brewing/Soft drinks	**54%**	54%

Notes to the consolidated financial statements continued

33. Principal subsidiaries, associates and joint ventures continued

Name	Country of incorporation	Principal activity	Effective interest 2015	2014
Asia Pacific operations				
SABMiller Asia BV	Netherlands	Holding company	**100%**	100%
SABMiller Asia Ltd	Hong Kong	Holding company	**100%**	100%
SABMiller Asia Holdings Ltd[4]	United Kingdom	Holding company	**100%**	100%
SABMiller Beverage Investments Pty Ltd	Australia	Holding company	**100%**	100%
SKOL Beer Manufacturing Company Ltd	India	Holding company	**100%**	100%
Foster's Group Pty Ltd	Australia	Holding company	**100%**	100%
Cascade Brewery Company Pty Ltd	Australia	Brewing	**100%**	100%
CUB Pty Ltd	Australia	Brewing	**100%**	100%
FBG Treasury (Aust) Pty Ltd	Australia	Financing	**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	India	Brewing	**99%**	99%
European operations				
SABMiller Europe BV[1]	Netherlands	Holding company	**100%**	100%
SABMiller Holdings Europe Ltd	United Kingdom	Holding company	**100%**	100%
SABMiller Netherlands Coöperatieve WA	Netherlands	Holding company	**100%**	100%
Birra Peroni Srl	Italy	Brewing	**100%**	100%
Compañia Cervecera de Canarias SA	Spain	Brewing	**51%**	51%
Dreher Sörgyárak Zrt	Hungary	Brewing	**100%**	100%
Grolsche Bierbrouwerij Nederland BV	Netherlands	Brewing	**100%**	100%
Kompania Piwowarska SA	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%

1 Operates and resident for tax purposes in the United Kingdom.

2 Listed in country of incorporation.

3 Previously SABMiller (A&A) Ltd.

4 Previously SABMiller (A&A2) Ltd.

The group comprises a large number of companies. The list above includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. With the exception of those noted above, the principal country in which each of the above subsidiary undertakings operates is the same as the country in which each is incorporated.

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. The operations continue to be consolidated due to the group's majority shareholdings, and ability to control the operations.

Kgalagadi Breweries (Pty) Ltd (KBL)
SABMiller Botswana holds a 40% interest in Kgalagadi Breweries (Pty) Ltd with the remaining 60% interest 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 is held via a 16.8% interest in Sechaba Brewery Holdings Ltd.

Maluti Mountain Brewery (Pty) Ltd (Maluti)
SABMiller Africa BV holds a 39% interest in Maluti with the remaining interest held by a government authority, the Lesotho National Development Corporation (51%), 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 a group company.

33. Principal subsidiaries, associates and joint ventures continued

Associates and joint ventures

The principal associates and joint ventures of the group as at 31 March are as set out below. Where the group's interest in an associate or a joint venture is held by a subsidiary undertaking which is not wholly owned by the group, the subsidiary undertaking is indicated in a note below.

Name	Country of incorporation	Nature of relationship	Principal activity	Effective interest 2015	Effective interest 2014
African operations					
BIH Brasseries Internationales Holding Ltd[1]	Gibraltar	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Société des Brasseries et Glacières Internationales SA[1]	France	Associate	Holding company for subsidiaries principally located in Africa	**20%**	20%
Algerienne de Bavaroise Spa[1,2]	Algeria	Associate	Brewing	**40%**	40%
BIH Brasseries Internationales Holding (Angola) Ltd[1]	Gibraltar	Associate	Brewing/Soft drinks	**27%**	27%
Coca-Cola Canners of Southern Africa (Pty) Ltd[1]	South Africa	Associate	Canning of beverages	**32%**	32%
Delta Corporation Ltd[3,4]	Zimbabwe	Associate	Brewing/Soft drinks	**25%**	25%
Distell Group Ltd[3,5]	South Africa	Associate	Wines and spirits	**27%**	27%
Marocaine d'Investissements et de Services SA[1,3,6]	Morocco	Associate	Brewing	**40%**	40%
Skikda Bottling Company SARL[1,2]	Algeria	Associate	Soft drinks	**40%**	40%
Société de Boissons de l'Ouest Algerien SARL[1,2]	Algeria	Associate	Soft drinks	**40%**	40%
Société des Nouvelles Brasseries[1,2]	Algeria	Associate	Brewing	**40%**	40%
Asia Pacific operations					
China Resources Snow Breweries Ltd[1]	British Virgin Islands	Associate	Holding company for brewing subsidiaries located in China	**49%**	49%
European operations					
Anadolu Efes Biracılık ve Malt Sanayii AŞ[1,3]	Turkey	Associate	Brewing/Soft drinks	**24%**	24%
Grolsch (UK) Ltd	United Kingdom	Associate	Brewing	**50%**	50%
International Trade and Supply Ltd[1]	British Virgin Islands	Associate	Sales and distribution	**40%**	40%
North American operations					
MillerCoors LLC[1,7]	USA	Joint venture	Brewing	**58%**	58%
Hotels and Gaming					
Tsogo Sun Holdings Ltd[3,8]	South Africa	Associate	Holding company for Hotels and Gaming operations	**–**	40%

1 These entities report their financial results for each 12-month period ending 31 December.

2 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.

3 Listed in country of incorporation.

4 Interests in this company are held by SABMiller Africa BV which is held 62% by SABMiller Holdings Ltd.

5 This entity reports its financial results for each 12-month period ending 30 June.

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 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.

8 In August 2014 the group disposed of its investment in Tsogo Sun Holdings Limited through an institutional placing and share buyback.

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 SA, 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 operates in Hong Kong and its principal subsidiaries are in the People's Republic of China, and International Trade and Supply Ltd operates in the United Arab Emirates.

Balance sheet of SABMiller plc

at 31 March

	Notes	2015 US$m	2014 US$m
Fixed assets			
Tangible fixed assets	2	**177**	158
Investments in subsidiary undertakings	3	**14,069**	14,102
		14,246	14,260
Current assets			
Debtors: amounts falling due after more than one year	4	**5,782**	5,412
Derivative financial instruments: amounts falling due after more than one year	9	**388**	301
Debtors: amounts falling due within one year	5	**1,201**	2,293
Derivative financial instruments: amounts falling due within one year	9	**20**	52
Cash at bank and in hand	6	**449**	1,532
		7,840	9,590
Creditors: amounts falling due within one year	7	**(667)**	(2,091)
Net current assets		**7,173**	7,499
Total assets less current liabilities		**21,419**	21,759
Creditors: amounts falling due after more than one year	8	**(1,469)**	(2,387)
Net assets		**19,950**	19,372
Capital and reserves			
Share capital		**168**	167
Share premium		**6,752**	6,648
Merger relief reserve		**3,963**	4,321
Other reserves		**(1,186)**	(1,164)
Profit and loss account		**10,253**	9,400
Total shareholders' funds	10	**19,950**	19,372

The financial statements on pages 176 to 185 were approved by the board of directors on 2 June 2015 and were signed on its behalf by

Alan Clark
Chief Executive

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$2,141 million (2014: US$827 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.

During the year certain balance sheet disclosures were reassessed. As a consequence, certain prior year disclosures have been revised. The derivative financial instrument assets falling due after more than one year have been reclassified on the balance sheet from fixed assets to current assets to be consistent with current year disclosures.

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 2015	11.08	0.62	12.13	0.67
Year ended 31 March 2014	10.13	0.63	10.53	0.60

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	2-10 years
Short 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, capital contributions in respect of share awards grants to employees of subsidiaries 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', fixed assets are subject to an impairment review if circumstances or events change to indicate that the carrying value may not be fully recoverable. The review is performed by comparing the carrying value of the fixed asset to its recoverable amount, being the higher of the net realisable value and value in use. The net realisable value is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market-based discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of fixed assets are written down by any impairment amount, the loss is recognised in the profit and loss account in the period in which it is incurred.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in the profit and loss account in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset will only be up to the amount that it would have been had the original impairment not occurred.

For the purpose of conducting impairment reviews, income generating units are considered to be groups of assets and liabilities that generate income, and are largely independent of other income streams. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

f) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value (plus any directly attributable 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.

Notes to the company financial statements continued

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.

Loans and receivables are initially recognised at cost 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 loans and amounts owed by subsidiary undertakings, amounts owed by associated undertakings and other debtors.

(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 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, 'Financial instruments – recognition and 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. Dividends declared after the balance sheet date are not recognised, as there is no present obligation at the balance sheet date. Interim dividends are recognised when paid.

j) Share-based compensation

The company operates several equity-settled share-based compensation schemes. These include share option and stock appreciation rights plans (with and without market performance conditions attached), performance share award plans (with and without market performance conditions attached) and awards related to the employee element of the Broad-Based Black Economic Empowerment (BBBEE) scheme in 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 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 or rights 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 the transfer of treasury or the Employees' Benefit Trust (EBT) shares.

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 (AC-EBT). The AC-EBT may hold 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.

Shares held by EBTs and in treasury are treated as a deduction from capital and reserves 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 capital and reserves 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 21 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.

Notes to the company financial statements continued

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 2014	38	37	215	290
Additions	44	2	9	55
Disposals	–	(3)	–	(3)
Transfers	(8)	–	8	–
At 31 March 2015	**74**	**36**	**232**	**342**
Accumulated depreciation				
At 1 April 2014	–	22	110	132
Disposals	–	(2)	–	(2)
Charge for the year	–	4	31	35
At 31 March 2015	**–**	**24**	**141**	**165**
Net book amount				
At 1 April 2014	38	15	105	158
At 31 March 2015	**74**	**12**	**91**	**177**

3. Investments in subsidiary undertakings

	US$m
Cost	
At 1 April 2014	14,242
Additions	14
Capital contribution relating to share-based payments	49
At 31 March 2015	**14,305**
Accumulated impairment	
At 1 April 2014	140
Impairment provision	96
At 31 March 2015	**236**
Net book value	
At 31 March 2014	14,102
At 31 March 2015	**14,069**

During the year, the company increased its investment in SABMiller Holdings Europe Ltd by US$11 million and in SABMiller Africa & Asia BV by US$3 million.

The company recorded an impairment of US$96 million against its investment in SABMiller Africa & Asia BV related to its business in India. Further information relating to this is detailed in note 10 to the consolidated financial statements of the group.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

3. Investments in subsidiary undertakings continued

The investments in subsidiary undertakings are as follows (all interests are 100% direct investments unless stated otherwise).

Name	Country of incorporation	Principal activity	2015 US$m	2014 US$m
SABMiller Holdings Ltd	United Kingdom	Holding company	**10,633**	10,633
Miller Brands (UK) Ltd	United Kingdom	Sales and distribution	**39**	39
SABMiller Management BV	Netherlands	Group management services	**–**	–
SABMiller Africa & Asia BV[1]	Netherlands	Holding company	**195**	288
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	**2,117**	2,106
Racetrack Colombia Finance SAS	Colombia	Finance company	**–**	–
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	**–**	–
			13,495	13,577
Capital contribution relating to share-based payments			**574**	525
			14,069	14,102

[1] Operates and resident for tax purposes in the United Kingdom.

[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

	2015 US$m	2014 US$m
Loans owed by subsidiary undertakings	**5,529**	5,405
Amounts owed by subsidiary undertakings	**231**	–
Financial guarantee asset	**2**	1
Prepayments	**20**	6
	5,782	5,412

Interest on loans owed by subsidiary undertakings is charged at either fixed or floating rates. The floating rate is one month LIBOR plus 180 bps and the loan is repayable in 2017. The fixed rate is 3.27% and the loan is repayable in 2021. Amounts owed by subsidiary undertakings are non-interest bearing with a fixed repayment date.

5. Debtors: amounts falling due within one year

	2015 US$m	2014 US$m
Loans owed by subsidiary undertakings	**938**	1,843
Amounts owed by subsidiary undertakings	**200**	328
Amounts owed by associated undertakings	**1**	–
Other debtors	**31**	33
Corporation tax	**28**	55
Financial guarantee asset	**3**	2
Loan participation deposit	**–**	32
	1,201	2,293

Interest on loans owed by subsidiary undertakings is charged at either fixed interest rates or floating rates of one or six month LIBOR plus zero to 80 bps depending on the location of the subsidiary undertaking. Amounts owed by subsidiary and associated undertakings are non-interest bearing and are repayable on demand or with a fixed repayment date.

6. Cash at bank and in hand

	2015 US$m	2014 US$m
Short-term deposits	**449**	1,532

The company has short-term deposits in US dollars. The effective interest rate was 0.18% (2014: 0.17%).

Notes to the company financial statements continued

7. Creditors: amounts falling due within one year

	2015 US$m	2014 US$m
Trade and other creditors	**35**	39
Loans owed to subsidiary undertakings	**434**	366
Amounts owed to subsidiary undertakings	**26**	40
Taxation and social security	**25**	42
Derivative financial instruments (see note 9)	**32**	11
Accruals and deferred income	**64**	84
Dividends payable to shareholders	**1**	1
Unsecured bonds	**–**	1,452
Financial guarantee	**50**	56
	667	2,091

Interest on loans owed to subsidiary undertakings is at floating rates of one or six month LIBOR minus zero to 13 bps. All amounts owed to subsidiary undertakings are unsecured and repayable on demand.

8. Creditors: amounts falling due after more than one year

	2015 US$m	2014 US$m
Unsecured bonds	**1,220**	2,089
Amounts owed to subsidiary undertakings	**3**	–
Derivative financial instruments (see note 9)	**5**	1
Other creditors	**5**	10
Deferred income	**5**	6
Financial guarantee in respect of subsidiary borrowings	**231**	281
	1,469	2,387
The maturity of creditors falling due after more than one year is as follows.		
Between one and two years	**57**	67
Between two and five years	**847**	1,790
After five years	**565**	530
	1,469	2,387

The amount due after five years consists of a bond and a financial guarantee. The bond matures in 2033 with a fixed interest rate of 6.625%.
The financial guarantee matures in 2042.

9. Derivative financial instruments

	Notional amounts 2015 US$m	Assets 2015 US$m	Liabilities 2015 US$m	Notional amounts 2014 US$m	Assets 2014 US$m	Liabilities 2014 US$m
Current derivative financial instruments						
Forward foreign currency contracts	**563**	**20**	**(7)**	1,023	9	(11)
Forward foreign currency contracts as cash flow hedges	**290**	**–**	**(25)**	388	15	–
Interest rate swaps designated as fair value hedges	**–**	**–**	**–**	838	21	–
Cross currency swaps	**–**	**–**	**–**	121	7	–
	853	**20**	**(32)**	2,370	52	(11)
Non-current derivative financial instruments						
Forward foreign currency contracts	**1**	**–**	**–**	18	–	–
Forward foreign currency contracts as cash flow hedges	**46**	**–**	**(1)**	32	–	–
Interest rate swaps	**1,600**	**64**	**(4)**	600	50	(1)
Interest rate swaps designated as fair value hedges	**300**	**146**	**–**	800	138	–
Cross currency swaps	**286**	**178**	**–**	352	113	–
	2,233	**388**	**(5)**	1,802	301	(1)

9. Derivative financial instruments continued

Derivatives designated as hedging instruments

(i) Cash flow hedges

The company has entered into forward exchange contracts designated as cash flow hedges to manage short-term foreign currency exchange exposures to future creditor payments.

(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 2015, the carrying value of the hedged borrowings was US$460 million (2014: US$2,313 million).

Held for trading 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 and fellow group undertakings in South Africa and Poland (2014: South Africa, the Czech Republic and Poland).

(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 and fellow group undertakings in South Africa and the Netherlands (2014: South Africa, Australia, Poland and the Netherlands).

(iii) Interest rate swaps

The company has entered into interest rate swaps to manage exposures to fluctuations in interest rates. The derivatives are fair valued based on discounted future cash flows with gains and losses taken to the profit and loss account.

Fair values of financial assets and financial liabilities

	Book value 2015 US$m	**Fair value 2015 US$m**	Book value 2014 US$m	Fair value 2014 US$m
Current borrowings	**–**	**–**	(1,452)	(1,486)
Non-current borrowings	**(1,220)**	**(1,202)**	(2,089)	(2,172)
Non-current loans to subsidiary undertakings	**5,529**	**6,044**	5,405	5,814

Current borrowings in the table above exclude amounts owed to subsidiary undertakings. All financial assets and liabilities, other than disclosed in the table above, have a book value which approximates to their fair value.

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 these prices represent actual and regularly occurring transactions on arm's length basis.

The fair values of financial instruments that are not traded in an active market are based on the net present value of the anticipated future cash flows associated with these instruments, using rates currently available for debt on similar terms, credit risk and remaining maturity.

Fair value gain on financial instruments recognised in the profit and loss account

	2015 US$m	2014 US$m
Derivative financial instruments:		
Forward foreign currency contracts	**40**	115
Fair value gain on forward foreign currency contracts transferred from other comprehensive loss	**1**	–
Interest rate swaps	**(10)**	(9)
Interest rate swaps designated as fair value hedges	**17**	(104)
Cross currency swaps	**66**	–
	114	2
Other financial instruments:		
Guarantee fees	**58**	61
Early repayment costs	**(48)**	–
Borrowings designated as the hedged item in a fair value hedge	**(27)**	99
	(17)	160
Total fair value gain on financial instruments recognised in the profit and loss account	**97**	162

Notes to the company financial statements continued

9. Derivative financial instruments continued

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 and issued bonds 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.

	2015 US$m	2014 US$m
Financial year of maturity		
2015	**–**	1,164
2016	**640**	155
2017	**2,251**	2,222
2018	**257**	149
2019	**1,100**	1,100
2020	**1,073**	1,367
2022	**2,500**	2,500
2042	**1,500**	1,500
	9,321	10,157

10. Reconciliation of movements in shareholders' funds

	Share capital US$m	Share premium US$m	Merger relief reserve 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 2014	167	6,648	4,321	12	(168)	(1,008)	9,400	19,372
Issue of share capital	1	61	–	–	–	–	–	62
Profit for the year	–	–	–	–	–	–	2,141	2,141
Dividends paid	–	–	–	–	–	–	(1,696)	(1,696)
Cash flow hedges – fair value losses	–	–	–	(38)	–	–	–	(38)
Transfer into EBT	–	–	–	–	(53)	53	–	–
Purchases of EBT shares	–	–	–	–	(146)	–	–	(146)
Utilisation of EBT shares	–	–	–	–	112	–	(112)	–
Utilisation of treasury shares	–	43	–	–	–	50	–	93
Utilisation of merger relief reserve	–	–	(358)	–	–	–	358	–
Credit entry relating to share-based payments	–	–	–	–	–	–	113	113
Capital contribution relating to share-based payments	–	–	–	–	–	–	49	49
At 31 March 2015	**168**	**6,752**	**3,963**	**(26)**	**(255)**	**(905)**	**10,253**	**19,950**

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 losses of US$70 million (2014: US$82 million).

The profit and loss account includes US$3,645 million of non-distributable reserves (2014: US$3,645 million).

Merger relief reserve

At 1 April 2014 the merger relief reserve comprised 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$926 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. During the year ended 31 March 2015, the group transferred US$358 million of the reserve relating to the Polish business to retained earnings upon realisation of qualifying consideration.

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 74 to 96.

The fee charged for statutory audit was US$0.1 million (2014: US$0.1 million).

Operating leases

Operating lease charges recognised in profit and loss during the year were as follows.

	2015 US$m	2014 US$m
Plant and machinery	**4**	4
Other	**6**	7

12. Other information

a. Deferred tax assets have not been recognised in respect of the following.

	2015 US$m	2014 US$m
Tax losses	**58**	60
Depreciation in excess of capital allowances	**6**	3
Accruals and provisions	**1**	1
Share-based payments	**47**	28
	112	92

b. Contingent liabilities and guarantees

The company has guaranteed borrowings in respect of certain subsidiary undertakings. Guarantee fees received from 100% owned subsidiaries were US$57 million (2014: US$56 million).

Guarantees provided on behalf of related parties in respect of bank facilities were US$525 million (2014: US$430 million). Note 13 details guarantee fees received from and paid to related parties.

Guarantees provided on behalf of third parties in respect of bank facilities were US$54 million (2014: US$54 million).

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows.

	2015 US$m	2014 US$m
Land and buildings		
Within one year	**1**	–
Between two and five years	**3**	4
After five years	**2**	2
Other		
Within one year	**3**	–
Between two and five years	**–**	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 as follows.

	2015 US$m	2014 US$m
Guarantee fees received from fellow group subsidiaries	**3**	2
Income from recharges to subsidiary undertakings	**–**	2
Guarantee fees paid to subsidiary undertakings	**(1)**	(1)

At 31 March	2015 US$m	2014 US$m
Amounts owed by subsidiary undertakings falling due within one year	**1**	18
Amounts owed by associated undertakings falling due within one year	**1**	–
Amounts owed by subsidiary undertakings falling due after more than one year	**4**	–
Amounts owed to subsidiary undertakings falling due within one year	**(4)**	(6)
Amounts owed to subsidiary undertakings falling due after more than one year	**(3)**	–

Five-year financial review

for the years ended 31 March

	2015 US$m	2014[1] US$m	2013 US$m	2012 US$m	2011 US$m
Income statements					
Group NPR	**26,288**	26,719	26,932	24,949	n/a
Group revenue	**33,558**	34,084	34,487	31,388	28,311
Revenue	**22,130**	22,311	23,213	21,760	19,408
Operating profit	**4,384**	4,242	4,192	5,013	3,127
Net finance costs	**(637)**	(645)	(726)	(562)	(525)
Share of post-tax results of associates and joint ventures	**1,083**	1,226	1,213	1,152	1,024
Taxation	**(1,273)**	(1,173)	(1,192)	(1,126)	(1,069)
Non-controlling interests	**(258)**	(269)	(237)	(256)	(149)
Profit for the year attributable to owners of the parent	**3,299**	3,381	3,250	4,221	2,408
Adjusted earnings	**3,835**	3,865	3,772	3,400	3,018
Adjusted EBITDA	**6,677**	6,656	6,564	n/a	n/a
Balance sheets					
Non-current assets	**40,552**	48,366	50,588	50,998	34,870
Current assets	**4,359**	5,385	5,683	4,851	4,178
Assets of disposal group classified as held for sale	**–**	–	23	79	66
Total assets	**44,911**	53,751	56,294	55,928	39,114
Derivative financial instruments	**(111)**	(115)	(86)	(109)	(135)
Borrowings	**(12,544)**	(17,047)	(18,548)	(19,226)	(8,460)
Other liabilities and provisions	**(7,901)**	(9,107)	(10,199)	(10,554)	(7,694)
Liabilities of disposal group classified as held for sale	**–**	–	(1)	(7)	(66)
Total liabilities	**(20,556)**	(26,269)	(28,834)	(29,896)	(16,355)
Net assets	**24,355**	27,482	27,460	26,032	22,759
Total shareholders' equity	**23,172**	26,319	26,372	25,073	22,008
Non-controlling interests in equity	**1,183**	1,163	1,088	959	751
Total equity	**24,355**	27,482	27,460	26,032	22,759
Cash flow statements					
Net cash generated from operations before working capital movements	**5,680**	5,677	5,758	4,979	4,502
Net working capital movements	**132**	93	(204)	258	66
Net cash generated from operations	**5,812**	5,770	5,554	5,237	4,568
Net interest paid	**(651)**	(743)	(770)	(407)	(640)
Tax paid	**(1,439)**	(1,596)	(683)	(893)	(885)
Net cash inflow from operating activities	**3,722**	3,431	4,101	3,937	3,043
Net capital expenditure and other investments	**(1,503)**	(1,416)	(1,440)	(1,522)	(1,245)
Net investments in subsidiaries, joint ventures and associates	**755**	(338)	(223)	(11,095)	(183)
Dividends received from joint ventures, associates and other investments	**1,407**	1,128	1,000	1,017	911
Net cash inflow before financing and dividends	**4,381**	2,805	3,438	(7,663)	2,526
Net cash outflow from financing	**(3,677)**	(1,195)	(517)	8,819	(1,214)
Dividends paid to shareholders of the parent	**(1,705)**	(1,640)	(1,517)	(1,324)	(1,113)
Effect of exchange rates	**(117)**	(61)	(51)	(39)	25
(Decrease)/increase in cash and cash equivalents	**(1,118)**	(91)	1,353	(207)	224
Per share information (US cents per share)					
Basic earnings per share	**205.7**	211.8	204.3	266.6	152.8
Diluted earnings per share	**203.5**	209.1	202.0	263.8	151.8
Adjusted basic earnings per share	**239.1**	242.0	237.2	214.8	191.5
Total number of shares in issue (millions)	**1,675.7**	1,672.6	1,669.7	1,664.3	1,659.0
Other operating and financial statistics					
Return on equity (%)[2]	**16.6**	14.7	14.3	13.6	13.7
EBITA margin (as a percentage of group NPR)	**24.2**	24.2	23.7	n/a	n/a
EBITA margin (as a percentage of group revenue)	**n/a**	n/a	n/a	17.9	17.8
Adjusted EBITDA margin (as a percentage of NPR)	**31.7**	31.4	30.0	n/a	n/a
Net debt: adjusted EBITDA	**1.6**	2.1	2.4	n/a	n/a
Interest cover (times)	**10.7**	10.3	8.9	n/a	n/a
Free cash flow (US$m)	**3,233**	2,563	3,230	3,048	2,488
Gearing ratio (%)	**43.0**	52.0	56.8	68.4	31.2
Average monthly number of employees	**68,808**	69,947	70,486	71,144	69,212

[1] Restated for the adjustments made on the adoption of IFRS 10.

[2] This is calculated by expressing adjusted earnings as a percentage of total shareholders' equity.

	2015 US$m	2014[1] US$m	2013 US$m	2012 US$m	2011 US$m
Group NPR					
Segmental analysis					
Latin America	**5,768**	5,745	5,802	5,315	n/a
Africa	**7,462**	7,421	7,765	7,834	n/a
Asia Pacific	**3,867**	3,944	4,005	2,600	n/a
Europe	**4,398**	4,574	4,300	4,235	n/a
North America	**4,682**	4,665	4,656	4,544	n/a
Retained operations	**26,177**	26,349	26,528	24,528	n/a
South Africa: Hotels and Gaming	**111**	370	404	421	n/a
	26,288	26,719	26,932	24,949	n/a
Operating profit (excluding share of associates and joint ventures)					
Segmental analysis					
Latin America	**2,110**	2,069	1,983	1,736	1,497
Africa	**1,471**	1,478	1,491	1,513	1,362
Asia Pacific	**438**	468	461	124	(22)
Europe	**548**	576	652	804	857
North America	**14**	9	7	–	16
Corporate	**(122)**	(161)	(202)	(190)	(147)
Operating profit – before exceptional items	**4,459**	4,439	4,392	3,987	3,563
Exceptional credit/(charge)					
Latin America	**–**	47	(63)	(119)	(106)
Africa	**45**	(8)	57	121	(192)
Asia Pacific	**(452)**	(103)	(104)	(70)	–
Europe	**–**	(11)	(64)	1,135	(261)
North America	**–**	–	–	–	–
Corporate	**(69)**	(122)	(26)	(41)	123
Retained operations	**(476)**	(197)	(200)	1,026	(436)
South Africa: Hotels and Gaming	**401**	–	–	–	–
Operating profit – after exceptional items	**4,384**	4,242	4,192	5,013	3,127
EBITA					
Segmental analysis					
Latin America	**2,224**	2,192	2,112	1,865	1,620
Africa	**1,907**	1,954	1,957	1,911	1,714
Asia Pacific	**768**	845	854	321	92
Europe	**700**	703	784	836	887
North America	**858**	804	740	756	741
Corporate	**(122)**	(161)	(202)	(190)	(147)
Retained operations	**6,335**	6,337	6,245	5,499	4,907
South Africa: Hotels and Gaming	**32**	123	134	135	137
	6,367	6,460	6,379	5,634	5,044

1 Restated for the adjustments made on the adoption of IFRS 10.

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), exceptional integration and restructuring costs, 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 operating profit before exceptional items, depreciation and amortisation, and includes the group's share of MillerCoors' operating profit on a similar basis.

Adjusted net finance costs
This comprises net finance costs excluding 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, 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.

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

EBITDA
This comprises EBITA (as defined above) plus depreciation and amortisation of computer software, including the group's share of associates' and joint ventures' depreciation and amortisation of computer software.

EBITDA margin (%)
This is calculated by expressing EBITDA as a percentage of group net producer 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 a similar 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.

Group net producer revenue (NPR)
This comprises group revenue less excise duties and other similar taxes, together with the group's share of excise duties and other similar taxes 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 2/2013 entitled 'Headline Earnings'. Such items include exceptional 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 a similar basis.

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

Net debt
This comprises gross debt (including borrowings, financing 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 net producer 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
TSR performance is measured by taking the percentage growth in our TSR over the five-year period to the date aligned with the related measurement date of value share (2014 and 2013: 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 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 above.

Growth in adjusted earnings per share (EPS) (constant currency)
Growth in adjusted EPS compared with the prior year is measured on a constant currency basis (as defined above). Adjusted EPS is measured using adjusted earnings divided by the basic number of shares in issue. Adjusted earnings are measured using the definition above.

Free cash flow
Free cash flow is measured using the definition above.

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 188.

Proportion of group EBITA from developing economies
EBITA generated in developing economies divided by group EBITA before corporate costs. EBITA is defined on page 188. Developing economies are as defined by the International Monetary Fund (IMF).

Organic growth in total beverage volumes
Organic growth in total beverage volumes is measured by comparing total beverage volumes in the year with those in the prior year excluding the effects of acquisitions and disposals (organic information is defined on page 188). Total beverage volumes are measured as defined on page 188.

Group net producer revenue growth (organic, constant currency)
Growth in group net producer revenue compared with the prior year is measured on a constant currency basis (as defined on page 188) and excluding the effects of acquisitions and disposals (organic information is defined on page 188). Group net producer revenue is defined on page 188.

Net producer revenue growth in premium brands (constant currency)
Growth in subsidiary net producer revenue from sales of premium brands compared with the prior year is measured on a constant currency basis (as defined on page 188). Premium brands are those in the premium segment as defined below.

EBITA growth (organic, constant currency)
EBITA growth compared with the prior year is measured on a constant currency basis (as defined on page 188) and excluding the effects of acquisitions and disposals (organic information is defined on page 188). EBITA is defined on page 188.

EBITA margin progression (organic, constant currency)
Progression in EBITA margin compared with the prior year is measured on a constant currency basis (as defined on page 188) and excluding the effects of acquisitions and disposals (organic information is defined on page 188). EBITA margin is defined on page 188.

Hectolitres of water used at our breweries per hl of lager produced
Water used at our breweries divided by the volume of lager produced. All consolidated subsidiaries are included on a 100% basis together with our equity accounted percentage share of the MillerCoors joint venture.

Fossil fuel emissions from energy used at our breweries per hl of lager produced
Fossil fuel emissions are measured by the total amount of carbon dioxide equivalent (CO_2e) in kilograms released to the atmosphere by our brewery operations divided by the volume of lager produced. The total amount of CO_2e 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. All consolidated businesses are included on a 100% basis together with our equity accounted percentage share of the MillerCoors joint venture.

Cumulative financial benefits from our cost and efficiency programme
Cumulative annual cost savings as a result of the roll out of global business services organisation and the expansion of the scope of our supply chain activities.

KPI explanation of changes

We have moved to TSR measurement associated with the value share awards as the performance share awards with a TSR performance measure have all now vested and only value share awards have a TSR performance measure.

We have added a new KPI, adjusted EPS on a constant currency basis, to align with the measures used to determine remuneration, as detailed in the directors' remuneration report on pages 74 to 96.

We have amended our volume KPI to cover total beverage volumes as we have increased the focus on other beverages, in particular soft drinks.

We have amended our KPI in relation to EBITA margin progression to measure this on an organic, constant currency basis to better monitor the underlying progression.

Following the conclusion of our business capability programme in 2014, we are no longer reporting the accumulated benefits of that programme as a KPI. Instead we are reporting the cumulative annual financial benefits from our cost and efficiency programme which was initiated in 2014. As a result we do not have full three-year history for this new KPI.

Non-financial definitions

Corporate Governance Code
The UK Corporate Governance Code, as adopted by the Financial Reporting Council.

Altria
Altria Group, Inc., our largest shareholder.

BevCo Ltd
A holding company for the Santo Domingo Group, our second largest shareholder.

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.

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 tends to be local.

PET
PET is short for polyethylene terephthalate, a form of plastic which is used for bottling alcoholic and non-alcoholic drinks.

PwC
PricewaterhouseCoopers LLP, our external auditors.

Premium segment (worthmore segment in the USA)
Taking the leading brands 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
South Africa's Central Securities Depository, 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 year end:

	Number of shareholders	Percentage of share capital
Portfolio size		
1 – 1,000	59,029	0.85
1,001 – 10,000	8,354	1.48
10,001 – 100,000	2,448	5.69
100,001 – 1,000,000	1,196	22.78
1,000,001 and over	345	69.20
	71,372	100.00
Category		
Banks	6	0.04
Individuals Nominees & Trusts	69,192	5.28
Insurance Companies	166	4.39
Investment Companies	25	0.75
Medical Aid Schemes	41	0.22
Mutual Funds	927	22.47
Other Corporate Entities	22	43.59
Pension Funds	806	13.72
Other	187	9.54
	71,372	100.00

Shareholders' diary

Financial reporting calendar and annual general meeting

Annual general meeting	July 2015
Announcement of interim results, for the half year to September	November 2015
Preliminary announcement of annual results	May 2016
Annual Report published	June 2016

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**. 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

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Cautionary statement

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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 global efficiency programmes; 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.

We are in the beer and soft drinks business. We bring refreshment and sociability to millions of people all over the world who enjoy our drinks. We do business in a way that improves livelihoods and helps build communities.

We are passionate about brewing and have a long tradition of craftsmanship, making superb beer from high quality natural ingredients. We are local beer experts. We have more than 200 local beers, from which we have carefully selected and nurtured a range of special regional and global brands.

Performance highlights

Group net producer revenue[1]

-2%

2015: US$26,288m

2014: US$26,719m

+5%[2]

Revenue[3]

-1%

2015: US$22,130m

2014: US$22,311m

+6%[2]

EBITA[4]

-1%

2015: US$6,367m

2014[5]: US$6,460m

+6%[2]

EBITA margin progression

0 basis points

2015: 24.2%

2014: 24.2%

+30 basis points[2]

Beverage volumes

+2%

2015: 324m hectolitres

2014: 318m hectolitres

Profit before tax

0%

2015: US$4,830m

2014: US$4,823m

Adjusted EPS[6]

-1%

2015: 239.1 US cents

2014: 242.0 US cents

Dividends per share[7]

+8%

2015: 113.0 US cents

2014: 105.0 US cents

Water usage (beer)[8]

-6%

2015: 3.3 hl/hl

2014: 3.5 hl/hl

Net debt[9]

-27%

2015: US$10,465m

2014: US$14,303m

Free cash flow[10]

+26%

2015: US$3,233m

2014: US$2,563m

Total shareholder return[11]

121%

Peer median: 85%

1 Group net producer revenue (NPR) is defined on page 188 and includes the group's attributable share of associates' and joint ventures' net producer revenue of US$9,754 million (2014: US$10,015 million).

2 Growth on an organic, constant currency basis.

3 Revenue excludes the group's attributable share of associates' and joint ventures' revenue but includes excise duties and similar taxes.

4 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 described in the finance review, EBITA is used throughout this report.

5 Certain comparative figures have been restated as a result of changes in accounting standards implemented in the year. Further details are provided in the finance review.

6 A reconciliation of adjusted earnings to the statutory measure of profit attributable to equity shareholders is provided in note 8 to the consolidated financial statements.

7 The 2015 final dividend is subject to shareholder approval at the annual general meeting.

8 Water usage is defined on page 189.

9 Net debt comprises gross debt (including borrowings, financing 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.

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

11 Total shareholder return (TSR) is shown as the percentage growth in our TSR over the five years to 31 March 2015.

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