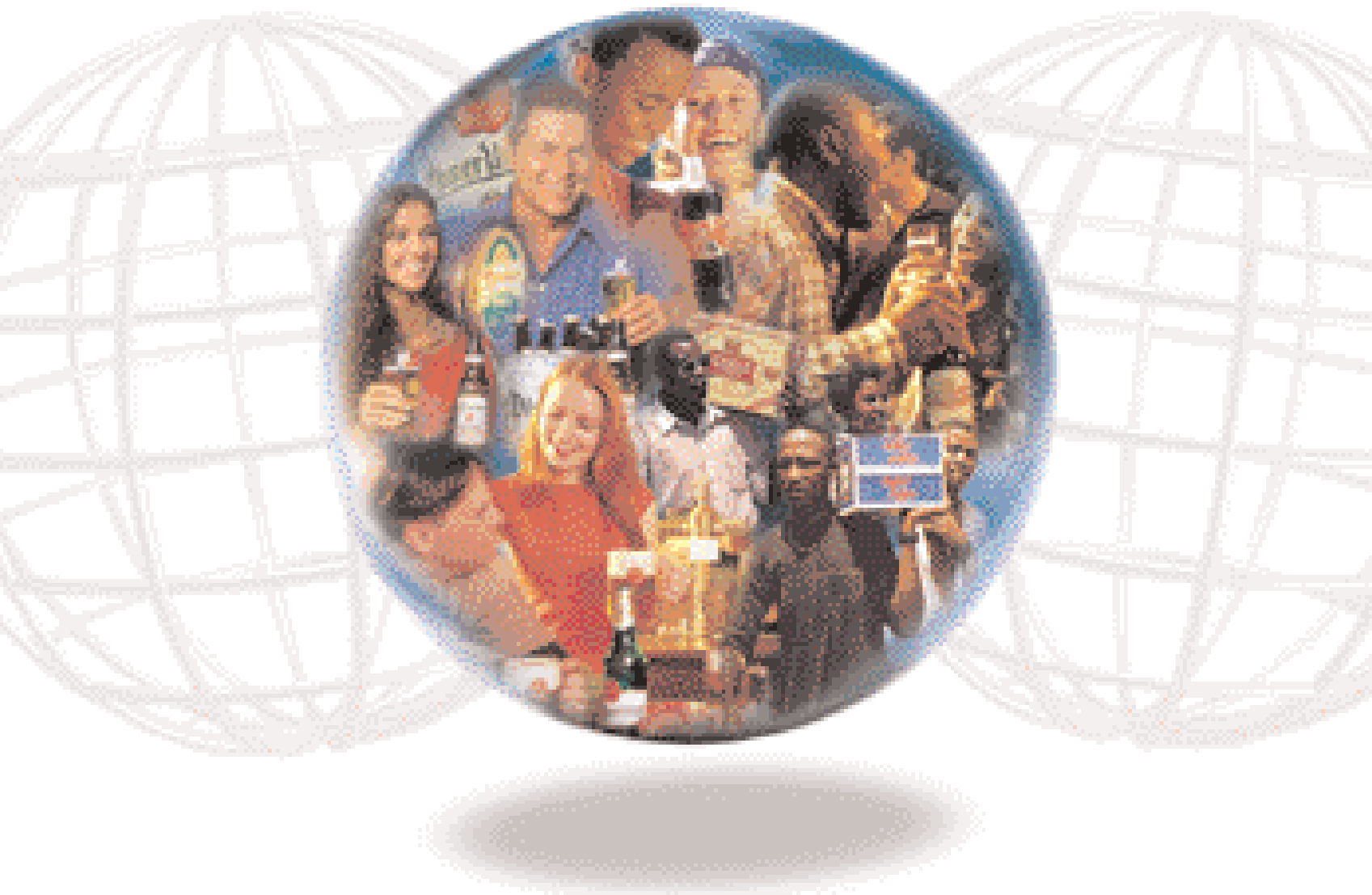




SOUTH AFRICAN BREWERIES plc





SOUTH AFRICAN BREWERIES plc

Incorporated in England and Wales under the Companies Act, 1985
Registration number 3528416

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Group Strategy

- Drive volume and productivity in our major markets
- Optimise and expand established positions in developing markets
- Seek value-adding opportunities to enhance our position as a global brewer with exposure to both developed and developing markets
- Grow our brands in the international premium beer segment
- Actively participate in the ongoing industry consolidation

| | 2002 | 2001 | % change | |
|------------------------------------------------------|---------------|--------------------|----------|-----|
| | US\$m | Restated* US\$m | US\$ | £ |
| <i>Financial results</i> | | | | |
| Turnover | 4,364 | 4,184 | 4 | 7 |
| Trading profit (PBIT) | 704 | 700 | 1 | 4 |
| EBITA | 766 | 720 | 6 | 10 |
| Profit before tax | 606 | 646 | (6) | (3) |
| Adjusted PBT | 668 | 666 | — | 3 |
| Adjusted earnings | 350 | 372 | (6) | (3) |
| <i>Ordinary share performance (per share)</i> | | | | |
| Adjusted earnings | | | | |
| US cents | 48.7 | 53.3 | (9) | (6) |
| SA cents (up 21%) | 472.5 | 390.9 | | |
| Dividends (US cents) | 25.0 | 25.0 | | |
| Net asset value (US cents) | 274.6 | 258.9 | 6 | 9 |
| <i>Financial statistics</i> | | | | |
| Market capitalisation: 31 March | | | | |
| London Stock Exchange (£m) | 4,125 | 3,542 | | |
| JSE Securities Exchange South Africa (Rm) | 66,094 | 40,687 | | |
| Financial gearing | | | | |
| Gross borrowings to EBITDA (times) | 1.7 | 1.2 | | |
| Net interest cover (times) | 7.2 | 13.0 | | |

Note:


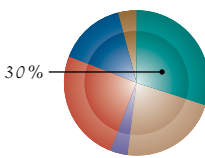
EBITA, adjusted PBT and adjusted earnings exclude exceptional items of US\$8 million (2001: nil) and goodwill amortisation. Percentages expressed in terms of £ sterling movements are given in order to aid comparability with other FTSE companies.

*Restated for deferred tax change in accounting policy.


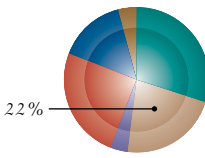

Acquisitions in Central America, India and China have enhanced our position internationally

Acquisition of Miller Brewing Company in the United States announced on 30 May 2002


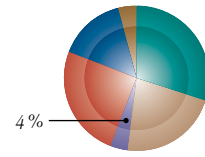
SABI Europe

| FAST FACTS | | TURNOVER |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|  <p>Europe</p> | Total number of breweries: 14 Total brewing capacity (hl's m): 28.9 Total volumes sold (hl's m): 22.5 Average number of employees: 9,247 |  <p>30%</p> |


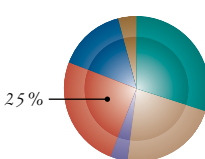
SABI Africa and Asia

| FAST FACTS | | TURNOVER |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
|  <p>Africa</p> | Total number of breweries*: 49 Total number of bottling plants: 10 Total brewing capacity (hl m)*: 21.8 Total bottling capacity (hl's m): 6.1 Total volumes sold (hl's m): 18.0 Average number of employees: 6,617 <small>*Includes commercially brewed sorghum breweries (34) capacity sorghum (11 hl's m)</small> |  <p>22%</p> |
|  <p>Asia</p> | Total number of breweries: 30 Total brewing capacity (hl's m): 38.0 Total volumes sold (hl's m): 19.0 Average number of employees: 25,425 | |


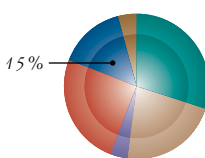
SABI Central America (four months trading)

| FAST FACTS | | TURNOVER |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|  <p>Central America</p> | Total number of breweries: 3 Total number of bottling plants: 5 Total brewing capacity (hl's m): 2.2 Total bottling capacity (hl's m): 13.1 Total volumes sold (hl's m): 3.7 Average number of employees*: 6,590 <small>*Annualised, see note 8</small> |  <p>4%</p> |


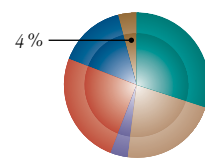
Beer South Africa

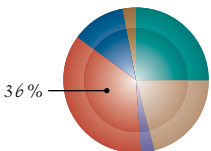
| FAST FACTS | | TURNOVER |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|  <p>South Africa</p> | Total number of breweries: 7 Total brewing capacity (hl's m): 31.4 Total volumes sold (hl's m): 24.2 Average number of employees: 5,739 |  <p>25%</p> |

Other Beverage Interests*

| FAST FACTS | | TURNOVER |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|  <p>South Africa</p> | Total number of bottling plants: 10 Total capacity (hl's m): 17.6 Total volumes sold (hl's m): 11.9 Average number of employees: 4,934 <small>*Excludes Distell</small> |  <p>15%</p> |

Hotels and Gaming

| FAST FACTS | | TURNOVER |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|  <p>South Africa</p> | Number of hotels: 77 Number of available rooms: 12,816 Casinos: 4 Licences: 5 Average number of employees: 4,120 |  <p>4%</p> |

| | MAJOR BRANDS | EBITA | |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--|
| | <p>Arany Aszok, Dorada, Dreher, Gambrinus, Lech, Pilsner Urquell, Radegast, Redds, Saris, Tropical, Tyskie, Timisoreana, Ursus, Zolotaya Bochka</p> |  <p>25%</p> | |
| | <p>Castle Lager, Castle Milk Stout, Chibuku, Club Lager, Club Pilsner, Kilimanjaro, Manica, Mosi, Nile Special, Ranger, Safari, St Louis, ZM, Trophy</p> |  <p>21%</p> | |
| | <p>Castle Lager, Knock Out, Three Lions, Xue Hua</p> | | |
| | <p>Imperial, Pilsner Lager, Port Royal, Regia, Salva Vida, Suprema</p> |  <p>3%</p> | |
| | <p>Carling Black Label, Castle Lager, Hansa Pilsner</p> |  <p>36%</p> | |
| | <p>Appletiser, Coca-Cola, Fanta, Grapetiser, Just Juice, Sprite, Valpré</p> |  <p>12%</p> | |
| | <p>Crowne Plaza, Cullinan, Express by Holiday Inn, Formule 1, Formule Inn, Holiday Inn, Holiday Inn Garden Court, Inter-Continental, Paradise Sun, Southern Sun Resorts</p> |  <p>3%</p> | |



Meyer Kahn

Chairman

Subsequent to the year end, on 30 May 2002, we announced that the group had entered into an agreement with Philip Morris Companies Inc in terms of which SAB will acquire 100% of Miller Brewing Company. In consideration SAB will issue to Philip Morris 430 million shares, which implied an enterprise valuation for Miller of US\$4,993 million, including net debt of US\$2,000 million. This was based on the closing middle-market price as at 14 March 2002, the last date prior to the market speculation that SAB was in discussions with Philip Morris regarding Miller.

This important and transformational move for the group will have far reaching consequences and will open up new vistas and opportunities for all our people. However, because it takes effect after the 31 March 2002 financial year end, it is inappropriate to address the ramifications in this annual report, which properly focuses on the past year.

The downturn in economic conditions was more widespread during the year than expected, with the slowdown spreading from the United States to many other parts of the world, post 11 September.

Notwithstanding these difficult operating conditions, I am pleased to report on another year of increased activity for the group, characterised by major acquisitions in conjunction with a continued focus on operating improvements and efficiencies.

SAB's underlying operations around the world have delivered an impressive performance. However the material adverse currency moves in sub Saharan Africa affected a sizeable portion of our business and have led to an adjusted earnings decline of 6% in US dollars (adjusted earnings per share decline of 9%).

“... another year of increased activity

for the group, characterised by major acquisitions in conjunction with a continued focus on operating improvements and efficiencies.”

In pursuing our growth strategy globally we have moved into new territory with our acquisitions in Central America and made a number of important investments in China, Africa and Central Europe. These enhance our positions in these territories and further diversify the group's international operations and currency exposure.

Consolidation in the international beverage sector continued apace, and the group remains well positioned to both participate in and benefit from industry consolidation.

SABI Europe reported outstanding results with commensurate margin gains, notably in the Czech Republic, despite relatively stable volumes there. Poland was again a major contributor with further gains in volumes and market share.

EBITA from SABI Africa and Asia was assisted by the first time inclusion of equity accounted results from the Castel alliance, without which performance would have been more muted. Significant acquisition activity in China gives us a strong market position in both the North East region and Sichuan province.

Initial results, for four months of trading, from Central America were behind forecast, perhaps inevitable in a new acquisition. However, I have confidence in our ability to add value in the operations.

Beer South Africa continues to report enhanced results in local currency, as a result of stemming the volume decline of the prior year, higher operating margins and demonstrating yet again productivity improvements across its operations. Elsewhere in South Africa, ABI sparkled and associate Distell moved strongly ahead as reorganisation efforts yielded rewards. Our non-core hotels and gaming division, still the subject of a strategy review for disposal options, was only marginally below last year on an adjusted basis in US dollar terms. SA rand results were well up.

On adjusted earnings of US\$350 million, the group is reporting earnings per share of 48.7 cents, 8.6% below last year's restated 53.3 cents. In sterling terms eps was 34.0 cents per share, some 5.8% behind last year. However, in South African rand terms, earnings per share rose 20.9%, underscoring the important rand hedge qualities of the share for our South African shareholders.

As noted in last year's annual report, early in this financial year we arranged a US\$328 million private note placing. This was

followed by a US\$600 million convertible bond issue in August 2001 and a new equity issue of US\$400 million in December 2001.

These fund-raising activities have strengthened our balance sheet, but more importantly, the success of the transactions clearly demonstrates the growing acceptability of SAB in world financial markets.

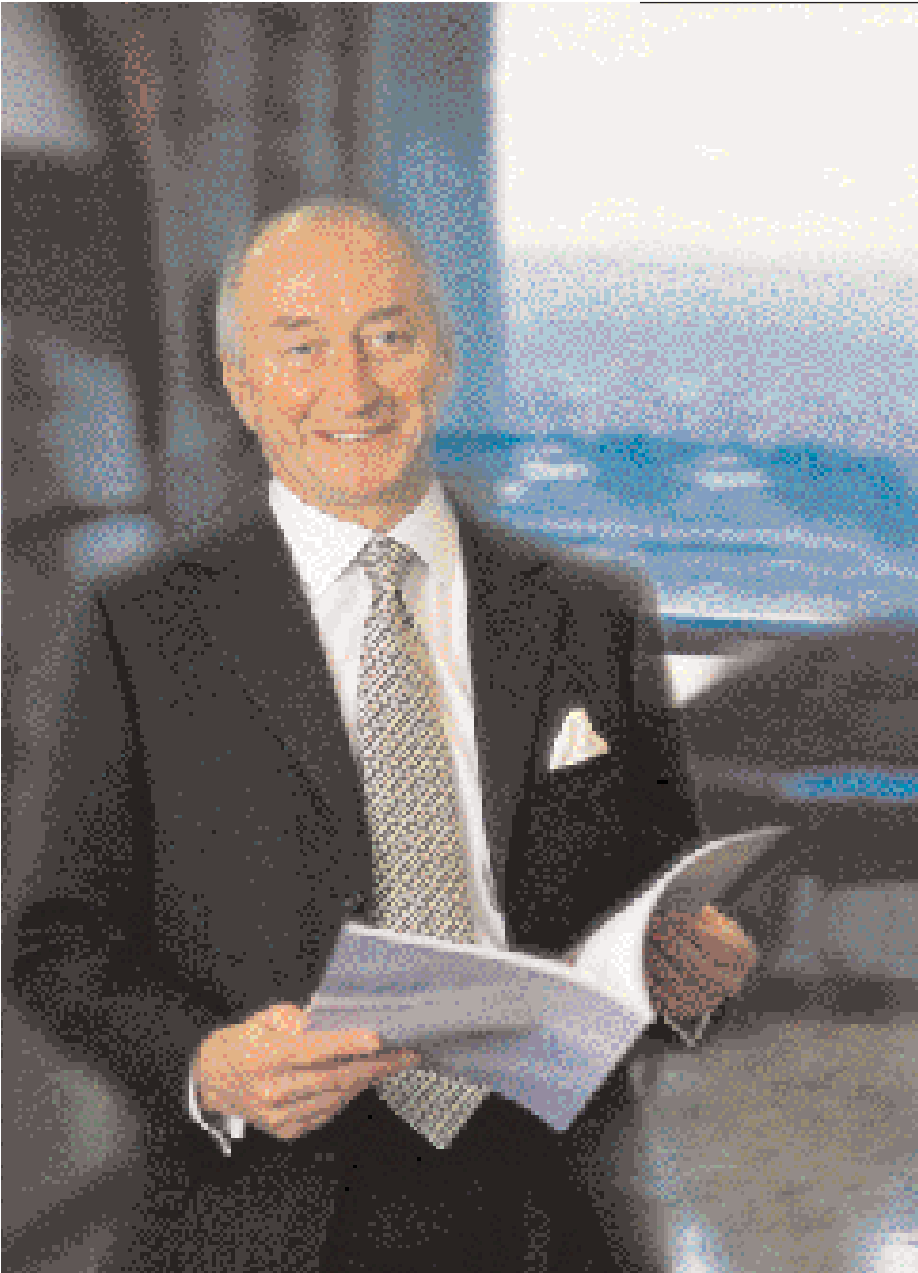
On 26 February 2002, Hugh Collum tendered his resignation from the board of SAB plc, which we regretfully accepted. Mr Collum, who has served on the SAB board since 1999, resigned to concentrate on his other business commitments. His wise counsel and valuable experience will be sorely missed. During the year we welcomed to the board Ning Goaning and André Parker.

Mr Ning, who was appointed as a non-executive director with effect from 10 October 2001, is the chairman of China Resources Enterprise Ltd, our joint venture partner in China Resources Breweries Ltd (CRB). Mr Parker, Managing Director of our African and Asian businesses, was appointed an executive director of SAB plc on 29 November 2001.

I welcome them both and, following these appointments, the board now comprises 10 non-executive directors and six executive directors.

Finally, I reserve a very special appreciation for the thousands of SAB men and women working around the world, who are demonstrating by their unremitting efforts, their identification with the aims of the group and its future as a major player in the international beer and beverage markets. Recruitment, retention and motivation of exceptional people are fundamental to the continuing success we all strive for and I salute their efforts.

Meyer Kahn
Chairman



Graham Mackay

Chief Executive

“... management has concentrated on brand positioning.”

and portfolio enhancement, overhead productivity and procurement. Benefit from this attention is evident and, as a result, operational performance across the group was excellent.”

BUSINESS REVIEW

Group operating performance

I am pleased to report another year of good growth in beverage volumes and strong operational performance in our businesses around the world. Total beverage sales volumes grew 15.5% (organic growth 4.8%) to just under 100 million hectolitres.

Once again management has concentrated on brand positioning and portfolio enhancement, overhead productivity and procurement. Benefit from this attention is evident and, as a result, operational performance across the group was excellent.

Lager volumes grew 13.2% and importantly, organic volume growth of 3.5% was achieved. The muted growth of 1.4% in our largest single market, South Africa, had a dampening effect but it is nevertheless gratifying that last year's volume decline there has started to reverse.

Other beverages are becoming an increasingly important segment of our business. Acquisitions and investments contributed to the volume growth in carbonated soft drinks (CSD's) of 27.2% (organic 9.0%). Traditional sorghum beer in Africa grew by 4.4%.

Turning to financial performance, sales volume growth contributed to a turnover increase, including share of associates, of 4.3% to US\$4.4 billion. EBITA grew 6.4% to US\$766 million, and continued focus on productivity and cost containment helped deliver margin improvement across many of our businesses, particularly in the larger subsidiaries. EBITDA was similarly strong, up 5.9% to US\$904 million.

Reported results were, however, impacted by the extraordinary 24.4% decline in the exchange rate of the SA rand, the functional currency of our largest subsidiary, against the US dollar, as well as some weakening in other African currencies. Adjusted earnings were 5.9% down for the year at US\$350 million and with a weighted average increase in shares in issue of 3.1% during the year, adjusted earnings per share decreased by 8.6% to US48.7 cents.

Notwithstanding this decline, strong cash flows enable us to maintain the final dividend at last year's level.

The year has been characterised by expansion and acquisition activities in

a number of countries including the opening up of a new region to SAB – Central America. Our acquisitions in Honduras and El Salvador have given the group leading brewing and soft drinks business within these two countries. We intend to exploit the synergies that exist between beer and CSD's in these markets, and leverage the experiences gained in Africa with combined beer and CSD businesses.

Elsewhere, we acquired a majority interest in Bere Timisoreana in Romania; we were active in Africa, with CSD acquisitions in Angola and Zambia and increased lager beer investments in Uganda and Mozambique. In China we further strengthened our regional positions with an aggressive acquisition programme, and we made two further investments in India.

Notwithstanding weakening economies and rising unemployment levels, especially in Poland, our European businesses grew sales volumes by 6.0% (organic growth 4.8%) to just over 22.5 million hectolitres, with contribution to this growth coming from virtually all operations. EBITA growth was impressive at 34.4% to just under US\$200 million with an excellent result coming from Poland (the largest contributor), the Czech Republic, where restructuring synergies and benefits continue ahead of expectations, and Russia which is now earnings positive.

Our African and Asian businesses increased sales volumes by 26.0%, although much of this was acquisition driven, mainly in China. Organic growth was nevertheless good with lager growing 4.9% and other beverages 12.2%. EBITA growth for the region of 29.5% has been assisted by the first time inclusion of our associate Castel.

Socio-political problems, currency weaknesses and certain competitive pressures in Africa hampered underlying



areas of purchasing, operational management and new investment become realisable. Castel's total volumes grew 7.4% over the prior period with especially strong gains in the CSD sector.

“ . . . opening up of a new region to SAB – Central America.”

EBITA growth. Acquisition activity in China, strategically necessary and well founded, was distracting and time consuming for local management in the first year of incorporation.

Individual results in Africa were once again mixed. Our brewery in Kenya was impacted by competitive pressure but, as recently announced, we have restructured our investments in the region in conjunction with East Africa Breweries Ltd and profitability should improve considerably in the future. While the result on earnings of our strategic alliance with Castel was essentially neutral in this first year, we increasingly see benefits from our association with them as synergies in the

In Central America, EBITA of US\$22 million for the four months since acquisition was behind expectations, due mainly to the combination of adverse economic conditions post Hurricane Michele and increased competition in the CSD sector. Though still early days for SAB's operational management, strong brand portfolios in the respective lager and CSD businesses, evident opportunities to capture the synergies and a skilled workforce give us undiminished enthusiasm for the potential of these businesses.

In South Africa, the performance of our beer operations has once again been creditable. The volume decline in the prior year has been arrested and growth of 1.4% achieved. Local management's relentless focus on efficiency and productivity has delivered EBITA growth of 10.5% in local currency and a 60 basis point increase in margin despite substantial raw material price increases. ABI delivered well to expectations, with real productivity gains, margin increases and strong trading profit improvement of 20% in local currency off positive volume growth; all despite considerable increases in input costs. Equally impressive was a turnaround in the performance of our hotel and gaming businesses during the second half year, to deliver a

substantial 53.1% improvement in rand trading profit for the year. Strategic alternatives for the future of this business are still being evaluated.

Outlook

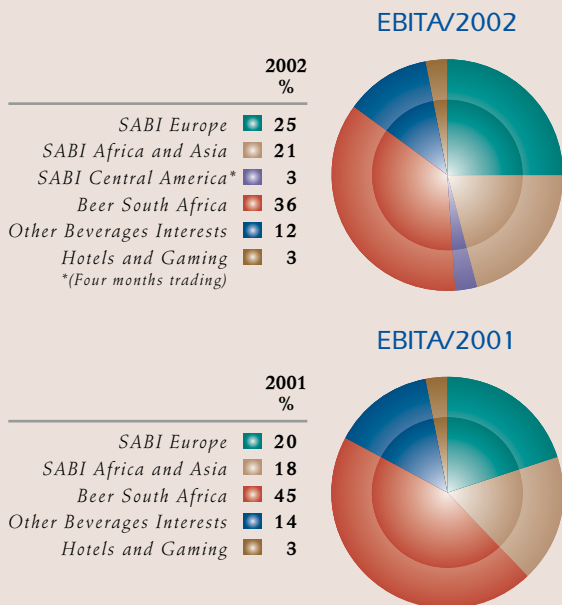
There are a number of positive signs for the upcoming financial year. Europe’s forward momentum, while moderating, should continue and better results are expected from both Africa and China. There are more positive signs within our operations in South Africa and the rand is showing some resilience. Finally, I have every reason to believe that Central America will deliver on its potential.



Naturally the results of the group will be materially affected by the inclusion of Miller Brewing Company, whose acquisition will bring both excitement and hugely increased opportunities to our business. More than ever we are well

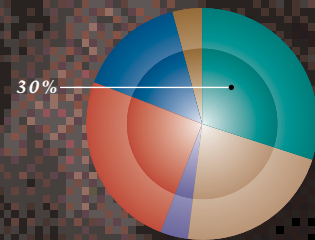
positioned to play a leading role in the world beer industry as change and consolidation accelerate.

Graham Mackay
Chief Executive

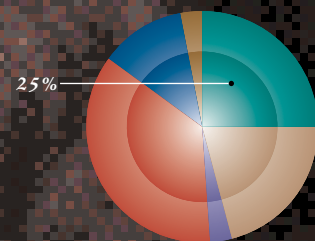




SABI Europe



Turnover/2002



EBITA/2002

“ . . . in most SABI Europe countries, the businesses continued their strong operational performance . . . ”

“ . . . our European businesses grew sales volumes by 6.0%

(organic growth 4.8%) to just over 22.5 million hectolitres, with contribution to this growth coming from virtually all operations.”



Despite a contraction of beer markets in most SABI Europe countries, our businesses continued their strong operational performance again this year, up a pleasing 34.4% in EBITA, on volume growth of 6.0%. In particular, focus on rationalisation, costs and cash management enabled

the division to expand its EBITA margin by 200 basis points and generate substantial free cash flow. Productivity and procurement initiatives reaped significant rewards, and brand portfolio enhanced and packaging extensions boosted market shares and margins.

POLAND

Volume growth in the Polish beer market came to a halt in the current year, following several years of strong advances. This was caused by a downturn in the local economy and the previous government imposing large excise increases. (There are now signs that these may be moderated in future.) SAB's Kompania Piwowarska performed very well in this market with 6.0% volume growth, reaching 31% market share for the year from 29.7% in the prior year. Our value share is greatly in excess of our market share. KP's flagship brand, Tyskie Gronie, sold over five million hectolitres and is now one of Europe's top ten beer brands by volume. Tyskie Gronie was also judged overall champion beer for bottled and canned lagers at the prestigious Brewing Industry Awards 2002 which took place at Burton-upon-Trent in the UK.

The alcohol advertising restrictions referred to last year, were introduced and are causing interpretation difficulties for the industry. However, KP's strong brand equities continue to sustain its competitive advantage and its Redds' success also continues, reaching 50% of the flavoured alcoholic beverages market inside 18 months. Recently "Debowy" has been launched to tap into the stronger, dark beer segment and Miller Genuine Draft introduced into the small, but very profitable, super premium niche. Later this year, KP will start brewing Pilsner Urquell under licence from Pilsner Urquell International, which will improve both the brand's margin and its volume potential from the current imported levels.

CZECH REPUBLIC AND SLOVAKIA

The Pilsner Urquell group enjoyed an excellent year. Volumes, market share and net real revenue all showed strong improvements. Beer industry volumes continued to decrease, as anticipated, by 1% but the Pilsner Urquell group achieved growth of 3.2%. Particularly pleasing was a 20% increase in volumes of our premium brand Pilsner Urquell. This assisted margin development, as did improvements in brewing raw material procurement, production yields and overall productivity. The effective national integration of our three businesses has yielded synergies well ahead of initial expectations.

In Slovakia, our Saris brewery is benefiting from management and marketing integration with the Pilsner Urquell group, increasing its volumes, market share and profitability.

PILSNER URQUELL INTERNATIONAL

The highly successful re-launch of Pilsner Urquell into its key international markets, in 2001, resulted in a second successive year of 30% growth in brand volumes outside Czech. In the United States sales reached 1.4 million cases (112,000 hectolitres), representing 54% growth in volume, and Pilsner Urquell was named one of the “hot brands” of 2001 by Impact magazine, the leading US beverage trade publication.

There was continued growth in sales in Germany, up by 25% in the year, against a background of a shrinking market. In Poland, Pilsner Urquell is now the number one import brand and sales continue to grow. In other markets, new distributors were appointed to take advantage of import growth opportunities, whilst in the UK distribution and visibility have improved.

RUSSIA

Volume growth slowed in Russia in the second half, to end the full year 27.2% ahead of prior. While SAB's own brand Zolotaya Bochka conceded some market share points, our premium licenced brands, Miller Genuine Draft and Holsten, showed stunning growth – both trebling in volume. The result of this favourable mix in brand sales was a significant improvement in margins and the business produced good operating cash flow.

We have decided to expand further the capacity of the Kaluga brewery from 2.3 million hectolitres to 3.5 million hectolitres at a cost of some US\$60 million. This will enable us to enter the large and growing mid-priced segment, estimated at 40 million hectoliters. Additional brands and packs will support our launch into this consolidating market, and while our share of total market is still well behind our competitors, our premium segment share is significant and this will now be strengthened in our distribution and brand portfolio management with this new mid-price entry.

OTHER OPERATIONS

In Hungary the market contracted some 2%, but our Dreher subsidiary reflected a small but satisfying market share recovery. This, coupled with the industry's real price increases, saw good margin expansion. In addition, Dreher continued to achieve substantial productivity enhancements, which assisted operating profits to more than double, albeit off a modest base.

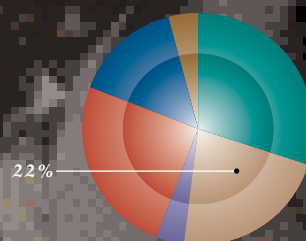
During the year, we announced the acquisition of an 83.7% interest in Bere Timisoreana, giving our Romanian business critical mass and a market share of around 14%. This supported a rationalisation of our facilities including the closure of Pitesti brewery and write down of other assets, the cost of which was US\$19 million. The impact of this has been partly offset by release of surplus provisions relating to one of our Czech breweries of US\$11 million. Industry volumes in Romania declined 8% in the last 12 months, but our operations are now much better positioned to maintain their positive operating cash flow.

The Canary Islands' operations have produced encouraging gains in market share, despite the first full year of production by a new domestic competitor.

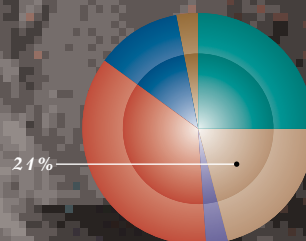
| Financial summary | 2002 US\$m | 2001 US\$m | % change US\$ |
|--------------------------------------------------------------------------------------------------------------|-----------------------|---------------|------------------|
| Turnover | 1,280 | 1,097 | 17 |
| Trading profit* | 168 | 130 | 29 |
| EBITA** | 198 | 148 | 34 |
| Operating margin (%)* | 13.1 | 11.9 | |
| EBITA margin (%)** | 15.5 | 13.5 | |
| <i>Sales volume (hl 000's)</i> | | | |
| – Lager | 22,359 | 21,120 | 6 |
| – Lager comparable | 22,099 | 21,120 | 5 |
| – Other beverages | 178 | 146 | 22 |
| <small>* Before exceptional items</small> | | | |
| <small>** Earnings before interest, taxation and goodwill amortisation, and before exceptional items</small> | | | |



SABI Africa and Asia



Turnover/2002



EBITA/2002

“Our African and Asian businesses increased sales volumes by 26,0%, although much of this was acquisition driven, mainly in China. Organic growth was nevertheless good with lager growing 4.9% and other beverages 12.2%.”

“ . . . we were active in Africa,

with CSD acquisitions in Angola and Zambia and increased lager beer investments in Uganda and Mozambique. In China we further strengthened our regional positions with an aggressive acquisition programme, and we made two further investments in India.”



AFRICA

African beverage volumes grew organically by 8.8% to end above 18 million hectolitres, aided by excellent performances from the Coca-Cola bottling business in Luanda, Angola, market share

gains in the competitive Ghanaian market and advances by our traditional sorghum beer businesses in Zambia, Malawi and Tanzania. Lager beer volumes grew organically 4.1%. In Zimbabwe our associate, Delta Corporation, grew their beer and soft drinks volumes by 22.4% despite the difficult environment. However, in Uganda, an increase in excise, passed on to the consumer, resulted in a drop in volumes.

Good EBITA growth was recorded by Zambia, Ghana and Malawi. In Tanzania, Botswana and Mozambique, however, little or no dollar growth was shown. The full impact of good operational performances in tough conditions across many of our businesses was not translated into reported US dollar results due to weak currencies.

In keeping with Africa's strategy to create critical mass and operational synergies in individual markets that are limited in terms of both population and spending power, a number

of value-adding acquisitions were made during the year. These included 45% of the Coca-Cola bottler in Luanda, Angola; 60% of the Coca-Cola bottler in Southern Angola; a further 54.6% of Nile Breweries in Uganda; 13.5% of Cervejas de Mozambique and 90% of the Coca-Cola bottler in Zambia. The last mentioned allows for consolidation benefits from integrating this into the Zambian beer business, a formula already successfully implemented in Botswana, Swaziland and Lesotho.

Subsequent to the year end, two important consolidation transactions were concluded. A landmark deal was signed on 15 May 2002 between SAB and East African Breweries Ltd (EABL), the two major brewers in East Africa. This sees Castle Brewing Kenya Ltd being sold by SAB to EABL in return for a 20% stake in their Kenya Breweries Ltd subsidiary. Tanzania Breweries Ltd (TBL), will acquire its EABL-owned competitor in exchange for 20% in Tanzania Breweries to be funded through a share issue with the additional volumes more than compensating for the dilution effect on SAB's shareholding in TBL. Each of these transactions will deliver enhanced earnings. In Mozambique,

we acquired Laurentina Cervejas SARL and its well-known Laurentina brand.

Many of our currencies in the sub-region were unfortunately impacted by adverse political considerations and the strong US dollar. Worse affected amongst these were the Mozambican metical (24.7%), the Zimbabwean dollar (75.8%), the Botswana pula (13.7%) and the rand-linked currencies of Lesotho and Swaziland (24.4%). As a result, it was difficult to convert volume and turnover gains into increased US dollar earnings. However, this effect was countered somewhat by productivity gains and savings contributed by Sabex, our Johannesburg-based purchasing and logistics division.

First time results from our 20% shareholding in the Castel group met expectations. Beer and soft drinks volumes grew by 7.4% over prior year while the CFA franc, Castel's main operating currency, is pegged against the euro, thereby stabilising US dollar earnings.

| Financial summary | 2002 US\$m | 2001 US\$m | % change US\$ |
|----------------------------------|-----------------------|---------------|------------------|
| Turnover | 946 | 700 | 35 |
| Trading profit | 162 | 130 | 25 |
| EBITA | 171 | 132 | 30 |
| Operating margin (%) | 17.2 | 18.5 | |
| EBITA margin (%) | 18.1 | 18.9 | |
| <i>Sales volume (hl 000's)*</i> | | | |
| – Lager | 23,141 | 17,116 | 35 |
| – Lager comparable | 17,953 | 17,116 | 5 |
| – Carbonated soft drinks (CSD's) | 3,648 | 2,685 | 36 |
| – Traditional sorghum | 7,625 | 7,301 | 4 |
| – Other beverages | 2,579 | 2,260 | 14 |

* Castel volumes of 9,633,000 hectolitres lager, 7,489,000 hectolitres CSD's and 569,000 hectolitres other beverages are not included



ASIA

China Resources Breweries (CRB), SAB's Chinese joint venture company, concluded a successful year in terms of strategic acquisitions. Market leadership in our existing stronghold in the North East of the country was achieved by purchasing five strategically located breweries in the region. CRB also became the leading brewer in Sichuan province, the country's most populous and one of the fastest growing beer markets, by entering a majority-owned joint venture with the Blue Sword group (10 breweries, nine million hectolitre capacity). Total capacity now stands at 30 million hectolitres and CRB is firmly positioned as the country's number two brewer.

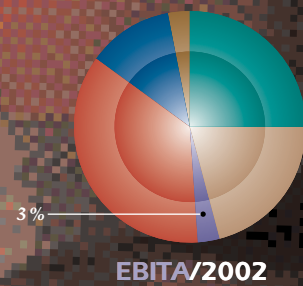
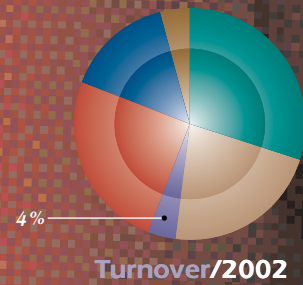
Our Chinese business has now consolidated its management structure and geographic presence into three regions: North East, Central and West, with a corporate head office established in Beijing.

Second half profitability in China was unfavourably impacted by the above acquisitions which were effective just before or during the winter period when sales dip sharply, resulting in negative contribution from these businesses, and management's attention was also concentrated on the task of restructuring. However, management believes the operations are well positioned to deliver profitable growth, and improvement is already evident from these acquisitions, with stronger operating performances resulting from moderate weather and improved sales performance in the North East being achieved towards year end.

The year also saw expansion by our Indian subsidiary with the acquisition of Mysore Breweries Ltd and Rochees Brewery (subject to FIPB approval), thereby gaining a foothold in four of the five largest beer-consuming States in the country. With the objective to obtain significant regional market share, by focusing on the top end of the mainstream and semi-premium segments of the market, Castle Lager was successfully launched as a premium brand in the cities of Delhi and Mumbai.



SABI Central America



"Our acquisitions in Honduras and El Salvador have created a leading brewing and soft drinks business within these two countries."

“The focus for the new financial year

will be on business rationalisation; improved efficiencies in sales, distribution and manufacturing; sales volume and revenue growth . . .”

The Central America businesses in El Salvador and Honduras were acquired with effect from 28 November 2001. The first four months of operations have been used to ensure continued volume growth, particularly with increased competitor activity in both countries, and form an effective operating relationship with our Bevco partners. The results are lower than expected mainly due to Hurricane Michele and a price war within the CSD market. Our management are confident that they can overcome these competitive pressures

and continue to grow.





Each business is focusing on improving efficiencies whilst we extract synergies from distribution systems and shared support services, both within and across the two countries. Non-core businesses are being assessed, made more efficient and competitive, and then either incorporated or rationalised. Major opportunities exist in the area of procurement, where supplier numbers can be optimised, bulk ordering utilised to obtain better prices, and cross business and country planning used to limit inventory of raw materials, finished goods and machine spares. Consideration is being given to shared service centres to further improve cost efficiencies and operational effectiveness for Bevco.

Brand development has primarily been in the soft drink arena as we support The Coca-Cola Company to increase its product range and therefore overall volumes. New carbonated soft drink flavours (e.g. Fanta in Honduras) and non-carbonated beverages (e.g. Powerade in El Salvador) have been successfully introduced in addition to a focus on ensuring that proper pack pricing architecture is in place. In the beer business a 500 ml bottle has been introduced in Honduras and brand rationalisation continues in both markets. Appropriate service levels are being determined for the different customer segments and investments made in containers and coolers.

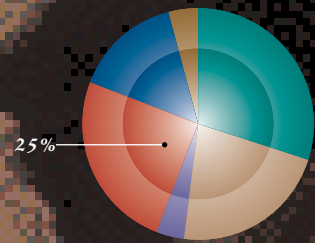
The focus for the new financial year will be on business rationalisation; improved efficiencies in sales, distribution and manufacturing; sales volume and revenue growth, particularly addressing low per capita beer consumption; and standardisation across all operations.

| Financial summary | 2002* US\$m |
|----------------------------------|------------------------------|
| Turnover | 186 |
| Trading profit | 7 |
| EBITA | 22 |
| Operating margin (%) | 3.5 |
| EBITA margin (%) | 11.9 |
| <i>Sales volume (hl 000's)</i> | |
| – Lager | 624 |
| – Carbonated soft drinks (CSD's) | 2,231 |
| – Other beverages | 824 |

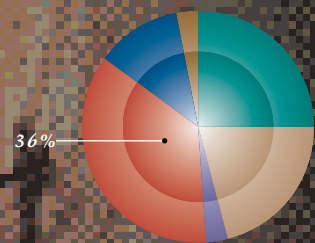
* Four months



Beer South Africa



Turnover/2002

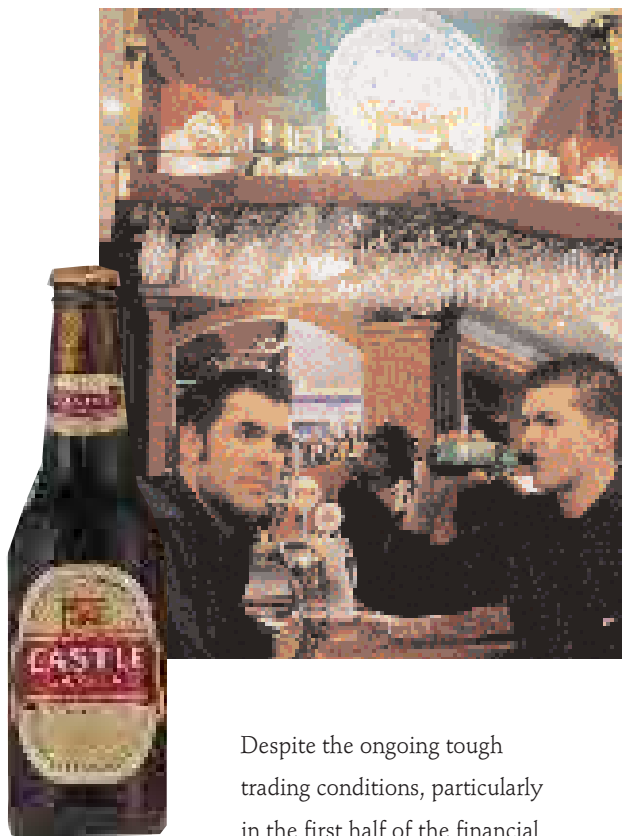


EBITA/2002

"Overall volume growth of 1.4% was achieved for the year, reversing the negative 1.1% at the half year."

“ . . . Beer South Africa improved its market share

in the premium and flavoured alcoholic beverages categories whilst maintaining its leading position and share in the mainstream category . . . ”



Despite the ongoing tough trading conditions, particularly in the first half of the financial year, Beer South Africa was able to see out the year on a note of growth. Overall volume growth of 1.4% was achieved for the year,

reversing the negative 1.1% at the half year. The operating margin improved by 60 basis points to 25.8% and an admirable compound five year EVA™ growth of 19% was delivered. Operating profit grew by 10.5% from R2,520 million to R2,785 million.

Volumes recorded growth in the important second half of the year, supported by promotional activity and an earlier Easter period. The factors negatively affecting volume growth, as reported previously, remain in place but in certain respects the impact is lessening. However, higher interest rates, the steep rise in staple food prices, the rising fuel price and continued wine surplus will adversely impact beer consumer propensity to spend. Exports experienced a strong performance particularly in the Angolan and Namibian markets.

Throughout the year efforts have been directed at investing for growth including the building and enhancing of our powerful brand portfolio. As measured by AC Nielsen, Beer South Africa improved its market share in the premium and flavoured alcoholic beverages categories whilst maintaining its leading position and share in the mainstream category despite significant competitive activities.

High raw material price increases experienced during the past year were primarily driven by the weaker rand. Programmes introduced in recent years including raw material procurement and related hedging activity, as well as technical innovations on certain materials and brewery usage improvements, contained these increases. Further productivity benefits were delivered by the World Class Manufacturing programme, the general spend procurement initiative, improved brewery and distribution efficiencies, lower headcount and the fact that one-off costs were reduced from the previous year. The performance of our premium and AFB brand portfolio also delivered a positive mix effect.



These benefits were to some extent offset by real expenditure increases in marketing, information systems, overall compensation, training and development as well as corporate social investment.

All aspects of the balance sheet were closely managed, in particular working capital, which for the seventh consecutive year showed progressive improvement. Capital expenditure in the current year was reduced following the previous large-scale investments at SA Maltsters, Ibhayi and in systems development.

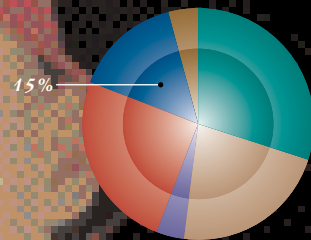
Following the promulgation of the Competition Act in 1998, Beer South Africa has introduced a proactive compliance programme. Three formal investigations which were initiated by the Competition Commission have been satisfactorily concluded. The Commission has notified the company that the 2000 investigation into horizontal restrictive practices in the industry would not be referred to the Competition Tribunal.

While progress on the revised Liquor Bill, following the Constitutional Court judgment, appears slow, the DTI has indicated that it intends having a new Act promulgated within the next twelve months. Based on previous assurances from the Ministry, expectations remain that a rigid three-tier system will not be imposed on the industry.

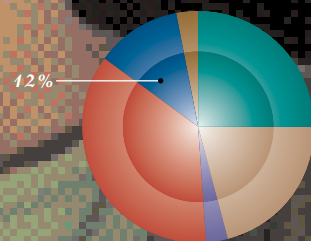
| Financial summary | 2002 | 2001 | % change | |
|--------------------------------|---------------|--------|----------|----|
| | US\$m | US\$m | US\$ | R |
| Turnover | 1,112 | 1,365 | (19) | 8 |
| Trading profit | 287 | 343 | (16) | 11 |
| Operating and EBITA margin (%) | 25.8 | 25.2 | | |
| Sales volume (hl 000's) | 24,246 | 23,904 | 1 | |



Other Beverage Interests



Turnover/2002



EBITA/2002

"ABI delivered well to expectations, with real productivity gains, margin increases, and strong trading profit improvement of 20% in local currency off positive volume growth;..."

“The nature of ABI’s business

continues to enable it to generate value in cash terms...”



ABI

ABI’s volume growth for the period was boosted by good performance in the second half of both carbonated and other soft drinks, as well as the first time inclusion of two small businesses in Mayotte and the Comores, acquired with the Suncrush assets. Total volume for the period ended 4.7% above prior year (organic 3.8%).

The sharp increase in the cost of imported raw materials and one-off charges, relating to restructuring and returnable glass bottle rationalisation, placed ABI under some cost pressure. Financial performance was however enhanced by operational efficiencies and productivity

in administrative and support functions and through cost savings resulting from the above mentioned rationalisation initiatives. Operating margin continues to improve, despite a decline in the earnings of ABI’s associate company, Coca-Cola Canners.

The company’s effective tax rate has increased significantly as a result of reduced exempt income, lower utilisation of assessable losses and increased STC (Secondary Tax on Companies) following the higher dividend.

The balance sheet performance was more than acceptable, with a continuation of the reduction in working capital and a negligible increase in tangible assets in the current year. Net operating assets have continued to decline since the 2000 financial year end as a result of management focus and training on the concept of economic profit within ABI.

The surplus borrowing capacity within ABI’s self-imposed gearing constraint that debt should not exceed 50% of shareholders’ equity, and the cash on hand at year end removes any constraints on future growth. The cash positive status moved ABI from incurring interest in the 2001 financial year to being in a net interest receivable position in the 2002 financial year.

The very satisfactory earnings performance with simultaneous control of the balance sheet has resulted in excellent EVA™ growth. The nature of ABI's business continues to enable it to generate value in cash terms as reflected in a compound seven year cash value added growth of 15.7%.

There has been a strong emphasis on improving market execution in rural areas and economically depressed metropolitan markets, resulting in mainstream carbonated soft drink volumes showing satisfactory growth.

The company's recent decision to partner The Coca-Cola Company in expanding into new beverage categories has had a positive effect, with products gaining market share from competitors. Further opportunities will be exploited in the coming year.



APPLETISER

Appletiser had a very successful year with strong growth in volumes and a pleasing increase in trading profit.

Good volume growth was achieved in South Africa, where the Appletiser brand has been repositioned and additional resources committed to both sales and brand marketing activities. Valpré Spring Water continued to gain share in the rapidly growing South African water market outpacing the industry and entrenching its position as market leader.

Double-digit volume growth was achieved in international markets, where a common brand name and pack design have now been established. Long term licence and distribution agreements have been concluded with Coca-Cola Enterprises in the strategically important United Kingdom market.



DISTELL

The group's 30% equity accounted interest in the listed associate, Distell, delivered a much improved operating performance in spite of a decline in sales volumes, as greater emphasis on product profitability in the domestic market was reflected in a favourable sales mix at improved margins. Rand weakness helped to enhance export earnings and attributable adjusted earnings, after reorganisation costs, were up nearly 40% in local currency terms.

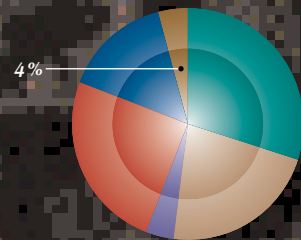
The Competition Commission enquiry into the 1 July 2000 merger between SFW and Distillers is nearing resolution and Distell management is hopeful of a satisfactory outcome.

| Financial summary | 2002 | 2001 | % change | |
|--------------------------------|--------|--------|----------|----|
| | US\$m | US\$m | US\$ | R |
| Turnover | 676 | 816 | (17) | 10 |
| – ABI | 500 | 585 | (15) | 13 |
| Trading profit | 95 | 106 | (10) | 19 |
| – ABI | 79 | 88 | (10) | 20 |
| Operating and EBITA margin (%) | 14.0 | 13.0 | | |
| – ABI | 15.8 | 15.0 | | |
| Sales volume (hl 000's)* | 11,912 | 11,485 | 4 | |
| ABI (hl 000's) | 11,488 | 10,968 | 5 | |

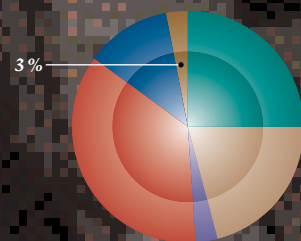
* Distell volumes not included



Hotels and Gaming



Turnover/2002



EBITA/2002

“... a turnaround in the performance of our **Hotel and gaming** businesses during the second half year, to deliver a substantial 53.1% improvement in rand trading profit for the year.”

“Overall the 2002 financial year reflects year on year, average room rate growth of 12.7%,

arising from a combination of concerted rate management and the impact of a greater proportion of hard currency operations.”



Southern Sun had a year of consolidation, in both the hotel and gaming divisions. Hotel division continued to manage proactively both its portfolio and cost structures in response to market conditions with a combination of new builds, closures and re-brandings across the spectrum of owned, leased and managed properties. After the initial negative impacts of the events of 11 September, a significant improvement in market demand was experienced in December 2001 and has continued through to March 2002. Trading in the fourth quarter was encouraging, leading to an annual average occupancy of 65.7%

(2001: 65.4%). Overall the 2002 financial year reflects year on year, average room rate growth of 12.7%, arising from a combination of concerted rate management and the impact of a greater proportion of hard currency operations. As a result, Revpar (revenue per available room) increased by 13.2% to R232.80.

Portfolio changes included the disposal of the Sunnyside Park Hotel and the termination of leases for the Oudtshoorn and Wilderness Garden Courts. The Cape Sun Inter-Continental was rebranded a Holiday Inn and the 157-room Dar-es-Salaam Holiday Inn opened in November 2001 to strong trading.

Tsogo Sun operations at the Montecasino complex reported encouraging trading results especially in view of the highly competitive Gauteng gambling market. Gaming revenues at Montecasino grew by 18% over the prior year (which included eight months of Sundome trading in the prior year). The Hemingways Casino and Hotel in East London was opened during the year but trading to date has been somewhat disappointing.



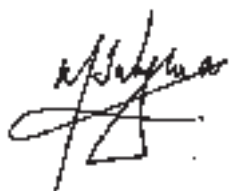
The Nelspruit and Witbank casinos traded in line with expectations and work has commenced on delivering the final aspects of the bid commitments for these two licences.

In December 2001 the Gauteng Gambling Board awarded the previously disputed sixth licence in the West Rand, to which award Tsogo Sun has launched a legal challenge. In Durban, KwaZulu-Natal, Tsogo Sun has resolved the legal challenge to its licence award and as a consequence will have a reduced shareholding in the project but will retain management control. Building work for the first phase of this R1.4 billion development is in progress and trading should commence in December 2002.

Overall, trading profit in SA rand terms improved by 53.1% (12.0% in US dollars) as a result of the improved operating margins from 12.1% in 2001 to 17.4% in 2002. The impact of ongoing portfolio realignment, new builds in Africa, and the recent market conditions, combined with strict overhead cost control all contributed to operating profit growth. The outlook for the forthcoming year is positive. Two events, which are expected to have a significant impact on Hotel division earnings, are the World Summit on Sustainable Development and the Cricket World Cup.

| Financial summary | 2002 | 2001 | % change | |
|--------------------------------|---------|---------|----------|----|
| | US\$m | US\$m | US\$ | R |
| Turnover | 164 | 206 | (20) | 5 |
| Trading profit (see note) | 28 | 25 | 12 | 53 |
| Operating and EBITA margin (%) | 17.4 | 12.1 | | |
| Revpar | R232.80 | R205.70 | | 13 |

Note: Adjusting for the write-off of pre-opening expenses and other non-recurring items, including the impairment of Moryaka, taking account of the disposal of Southern Sun's 20% interest in Sun International in the prior year, trading profit for the year would have been US\$30 million (2001: US\$30 million) on turnover of US\$164 million (2001: US\$189 million).



Malcolm Wyman

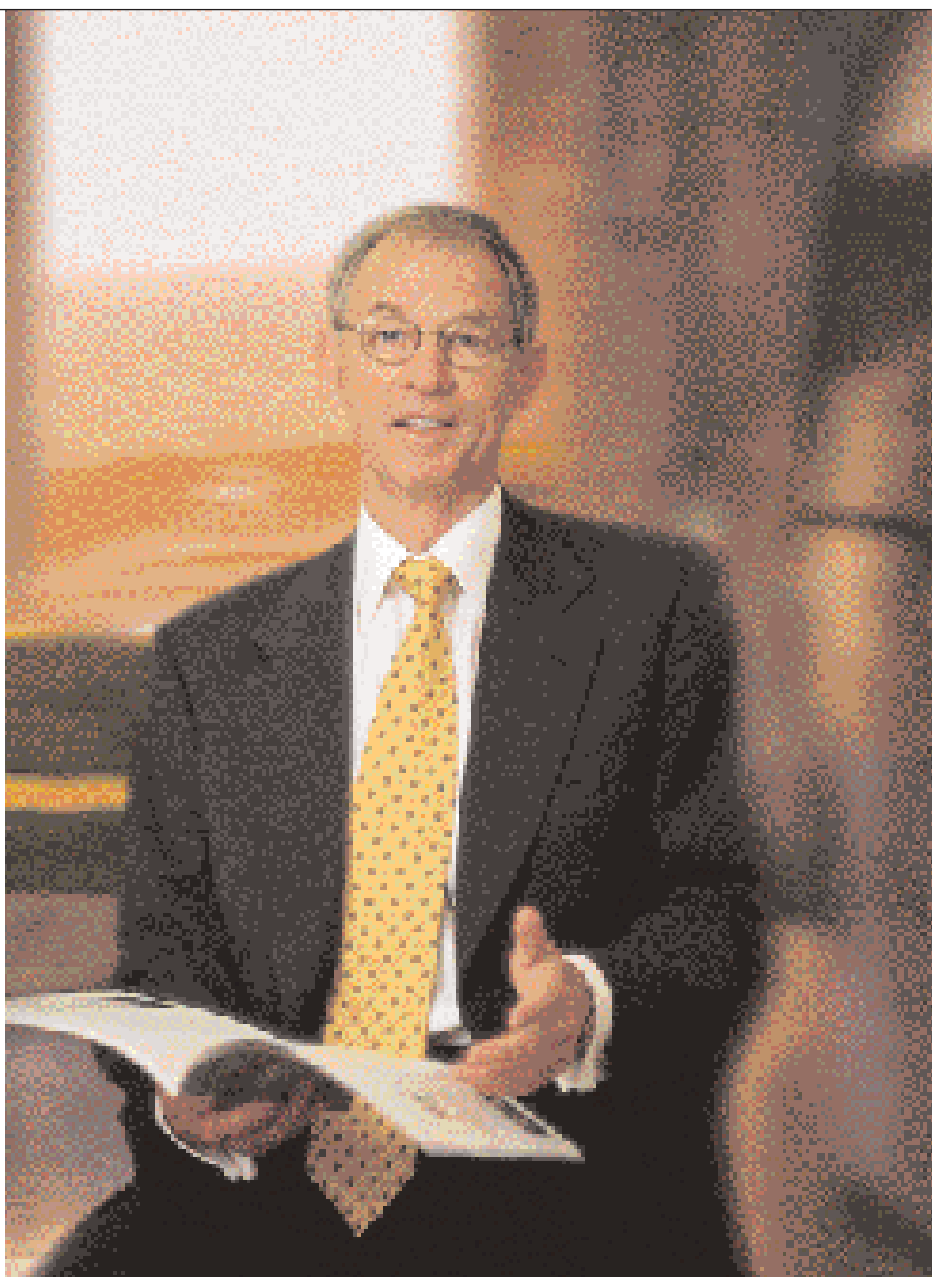
Chief Financial Officer

“Operating margin again improved through continued focus

on productivity throughout the group and SABI Europe increased operating margin before amortisation of goodwill by an impressive 200 basis points.”

GROUP OPERATING PERFORMANCE

Total group beverage volumes of 99.4 million hectolitres were 15.5% above last year's 86.0 million hectolitres (organic growth 4.8%). Total lager beer volumes increased 13.2% to 70.4 million hectolitres (organic growth 3.5%) and within this, Beer South Africa improved volumes 1.4% to 24.2 million hectolitres after a 4.9% decline in the prior year. Reported volumes exclude equity accounted associates where the group exercises significant influence but primary responsibility for day-to-day management rests with others (such as Distell and Castel). Turnover, including share of associates, increased 4%, due largely to the inclusion of SABI Central America and Castel, but this was offset somewhat by the poor performance of the SA rand.



Group operating profit before amortisation of goodwill and exceptional items increased 6.4% to US\$766 million. The weakness of the rand towards the end of 2001 impacted significantly on the strong underlying operating performances of the South African operations. Adjusted earnings per share were also similarly affected as they fell to 48.7 US cents from the restated 53.3 US cents, a decrease of 8.6%. However, adjusted earnings per share in rand terms increased by 20.9%.

Operating margin again improved through continued focus on productivity throughout the group and SABI Europe increased operating margin before amortisation of goodwill by an impressive 200 basis points. Beer South Africa raised its operating margin by 60 basis points to 25.8% despite tough

trading conditions, and operating margins in ABI continued to improve. Greater disclosure of our SABI operating results by region has been provided for the first time this year, and is set out in the segmental analysis of operations. The disclosures accord with the manner in which the group is currently managed.

Net interest rose sharply as the group borrowed to fund new acquisitions and, at US\$98 million, was US\$44 million higher than the prior year's US\$54 million. Interest cover is still satisfactory at more than 7.0 times. Profit before tax, excluding exceptional items and goodwill amortisation, of US\$668 million was marginally up on prior year, reflecting the impact of increased interest charges.

Net exceptional items of US\$8 million were recorded in SABI Europe comprising, in Romania, brewery closure costs at Pitesti (US\$9 million) and an impairment of Ursus (US\$10 million), offset by a release of a prior period impairment provision in the Czech Republic (US\$11 million).

The year under review saw an increase in the group's effective tax rate to 31.2% from last year's restated 29.3%. This increase in the tax charge is mainly attributable to a mix of higher effective tax charges, higher profits earned in countries with high tax rates and lower use of assessed losses.

EARNINGS

Adjusted earnings fell 5.9% to US\$350 million and the weighted average number of shares in issue for the year was 718.5 million, up from last year's 697.1 million as a result of the placing of 64.7 million new shares in December 2001 to assist in the funding of the SABI Central America acquisition. The group's adjusted earnings per share declined 8.6% to 48.7 US cents from a restated 53.3 US cents.

DIVIDENDS

The board has proposed a final dividend of 18.5 US cents per share, making an unchanged total of 25.0 US cents per share for the year, representing a dividend cover of 1.9 times (2001: restated to 2.1). Details regarding payment dates and related matters are disclosed in the directors' report.

ACCOUNTING POLICIES

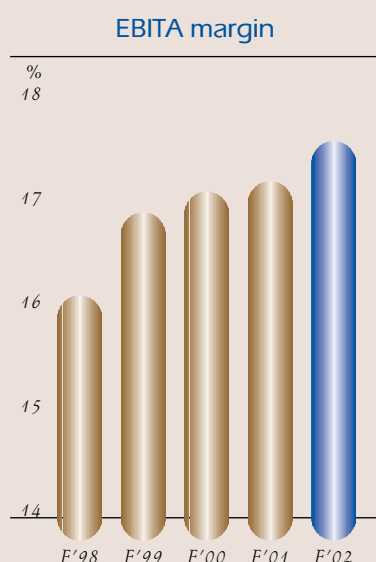
During the year we adopted FRS 17, 18 and 19. FRS 17 – 'Retirement benefits' – requires us to make additional defined benefit pension scheme disclosures. These are given in note 33 and are not material.

We have not had to change any accounting policies following the adoption of FRS 18 – 'Accounting policies'.

We have adopted FRS 19 – 'Deferred tax' – refer note 1 for further details.

SHAREHOLDER VALUE

The value which a company returns to its owners is best measured by total shareholder return (TSR) – the combination of share price appreciation and dividends returned over the medium to long term. SAB has returned 18.6% (5.9% p.a.) to shareholders subsequent to its listing in London in March 1999. Over the period 1 April 2001 to 31 March 2002, SAB's share price as quoted on the London Stock Exchange rose 7.3% in comparison to the FTSE index, which dropped by 6.4%.



In focusing on shareholder value added, the group uses EVA™ as a key indicator of annual performance. As noted last year, SAB is continually investing in new brewing operations and most new investments impact negatively on EVA™ in the short term.

The group's EVA™ calculation is summarised below. Key factors to be borne in mind are: EVA™ is calculated using operating profit after tax, adjusted for exceptional and non-recurring items; the capital charge is calculated on opening economic capital – adjusted for any impairments of assets of continuing business units and goodwill previously eliminated against reserves. The group's weighted average cost of capital (WACC) is applied against the resulting investment; and WACC, at 11.00% (2001: 11.75%), takes account of relevant individual country risk profiles and the group's overall debt profile. This reduction in WACC is principally a result of lower country risk premia.

SAB returned EVA™ of US\$189 million in the year under review (2001: restated to US\$150 million). This increase is mainly due to the reduction in the WACC rate and associated capital charge.

CURRENCY

During the financial year, the SA rand demonstrated significant weakness against the US dollar, ending the financial year at R11.40 to the US dollar. As a result the weighted average rand/dollar rate declined by 24.4% to R9.71 (compared with R7.34 in the prior year). Rand weakness negatively impacted certain of the operating currencies of our African businesses, which also ended lower against the US dollar.

Translation differences on non-dollar investments are recognised in the statement of

total recognised gains and losses. It is not the group's policy to hedge foreign currency earnings and their translation is made at weighted (by monthly turnover) average rates.

FINANCING STRUCTURE

New borrowings include the US\$328 million private bond placing which was undertaken in April 2001 and the issue of US\$600 million 4.25% convertible bonds in August 2001. These borrowings have significantly extended the maturity profile and increased the fixed rate portion of interest bearing debt. These borrowings and the amount raised from the issue of 64.7 million new shares in December 2001 have been utilised principally in the funding of new acquisitions and investments. The group's gearing increased at the year end to 40.8% from last year's 36.5% but the group still has substantial unutilised borrowing facilities.

Gross borrowing rose in the year under review from 1.2 to 1.7 times EBITDA, as a result of the expansion activity undertaken during the year. This ratio of gross borrowings to EBITDA remains below the group's self-imposed operating limit of 2.1 times. Net interest cover – at 7.2 times (2001: 13.0 times), is well in excess of the group's internal constraint of 4.0 times.

BALANCE SHEET PROFILE

Total assets increased by US\$1.3 billion to US\$5.7 billion as a result of the acquisition activity. There was also a rise of US\$459 million in equity minority interests to US\$745 million, with the Central American acquisition accounting for over US\$400 million of the increase.

Intangible assets increased by US\$937 million, due primarily to the inclusion of goodwill of US\$930 million arising on the Central American acquisition in November 2001. Goodwill in ABI is considered to have an indefinite life (consistent with prior years), while all other goodwill is amortised over 20 years. The attributable charge for the year under review rose to US\$46 million from last year's US\$20 million.

Net debt increased by 49% to US\$1,245 million from the prior year's level of US\$835 million and the group again achieved its target of zero net working capital.

EVA™

| | 2002 | 2001 |
|------------------------------------------------------------|---------------|--------|
| | US\$m | US\$m |
| Economic profit statements | | |
| Profit on ordinary activities before interest and taxation | 704 | 700 |
| Taxation on profit on ordinary activities | (208) | (195) |
| Tax deduction on financing costs | (31) | (16) |
| Adjustment for non-recurring items | 65 | 20 |
| Net operating profit after tax | 530 | 509 |
| Capital charge (see note below) | (341) | (359) |
| Economic value added™ | 189 | 150 |
| Economic balance sheets | | |
| Fixed assets | 4,758 | 3,667 |
| Working capital | (78) | (158) |
| Safari shareholding | (618) | (618) |
| Accumulated adjustment for non-recurring items | 277 | 212 |
| Economic capital | 4,339 | 3,103 |
| Non-interest bearing funding | (215) | (193) |
| Provisions | (166) | (189) |
| | 3,958 | 2,721 |
| Note: | | |
| Capital charge | | |
| Opening economic capital | 3,103 | 3,055 |
| Weighted average cost of capital | 11.00% | 11.75% |
| Capital charge | 341 | 359 |

CASH FLOW AND INVESTMENT HIGHLIGHTS

Net cash inflow from operating activities before working capital movements (EBITDA) rose to US\$904 million from last year's US\$854 million. The ratio of EBITDA to group turnover showed further improvement to 24.3% from last year's 23.6%.

The group's cash position – after funding taxation and dividends – was impacted by acquisition activity which resulted in cash outflow of US\$768 million. This outflow was however balanced by new debt raised and equity shares issued during the year.

Acquisition details are disclosed in the directors' report and include the acquisition of operations in Central America as well as in the Africa and Asia, and Europe regions.

Malcolm Wyman
Chief Financial Officer

The directors have pleasure in submitting to shareholders their report

together with the audited financial statements for the year ended 31 March 2002.

BUSINESS ACTIVITIES AND DEVELOPMENT

| | 2002 US\$m | 2001 US\$m | %change | |
|------------------------------------|---------------|---------------|---------|-----|
| | | | US\$ | £ |
| Turnover | 4,364 | 4,184 | 4 | 7 |
| Trading profit before exceptionals | 712 | 700 | 2 | 5 |
| Adjusted earnings per share | | | | |
| – US cents | 48.7 | 53.3 | (9) | (6) |
| – SA cents (up 21%) | 472.5 | 390.9 | | |

Statements by the Chairman and the Chief Executive on the performance during the year and the future prospects of the group's businesses are included separately in this document.

ACQUISITIONS AND INVESTMENT

SAB exchanged a 20% equity stake in the Castel group (CBB) for a 38% stake in SABI Africa by way of a share exchange, which became effective on 1 April 2001, thereby expanding SAB's presence in Africa.

In June 2001 SABI (Africa) BV, acquired a majority interest in Nile Breweries of Uganda from the Madhvani group of companies. This acquisition takes SAB's stake in Nile Breweries to 93.1%, with the Madhvani family still having an interest in the business.

On 28 June 2001, SAB India Ltd acquired a 76% controlling interest in Mysore Breweries Ltd (MBL) in India. At the time of the acquisition MBL had a 60% interest in Pals Distillers Ltd.

In August 2001 SABI (Europe) BV acquired a controlling 83.7% interest in Bere Timisoreana S.A. of Romania from a vendor consortium.

In October 2001 the group announced a new joint venture China Resources (Sichuan) Blue Sword Breweries – through its Chinese joint venture company, China Resources Breweries Ltd together with Sichuan Blue Sword Breweries Group. This joint venture will incorporate all the breweries owned by Blue Sword and CRB in the Sichuan province. This combination of CRB and Blue Sword Breweries and brands will make the joint venture the leading brewer in Sichuan, with an expected 80% market share.

In November 2001 SABI Africa announced its agreement with The Coca-Cola Export Corporation to purchase a 45% shareholding in Coca-Cola Bottling Luanda SARL, giving SABI Africa an effective controlling stake in The Coca-Cola Bottling business in Angola. During February 2002, SABI (Africa) BV announced that its Zambian subsidiary, Zambian Breweries plc (ZB plc), had acquired the entire issued share capital of the Coca-Cola bottler, Zambia Bottlers Ltd (Zambia Bottlers) from a vendor consortium including The Coca-Cola Export Corporation for a total consideration of US\$ 21.5 million, payable in cash.

During November 2001 SAB through its subsidiary company, SAB India Ltd, acquired a 53% controlling interest in Rochees Breweries Ltd, which operates a new brewery situated in Rajasthan. This will enable SAB India Ltd to access the Northern

India beer market of Rajasthan – the fifth largest beer consuming state in India.

In late November 2001 SAB acquired a 97% equity interest in Cerveceria Hondurena, SA de CV (CHSA) – the sole brewer and largest soft drinks bottler (Coca-Cola) in Honduras – becoming the first international brewer to enter Central America. This was financed by way of the placing of 64.7 million new ordinary shares in the capital of SAB.

At the same time, SAB contributed its interest in CHSA to a new joint venture, Bevco, with a prominent local family consortium which owns a leading conglomerate in El Salvador with wide ranging commercial interests in Central America. This family consortium, through a separate holding company (CAB), controlled the sole brewer and largest soft drinks bottler (Coca-Cola) and water business in El Salvador, which it contributed to Bevco. SAB's effective shareholding in Bevco is 58.4%.

During December 2001 CRB acquired a 60% interest in Euro Dongxihu Brewery in Central China in the city of Wuhan, Hubei province, which has around 80% of the Wuhan market and a strong position in the province. The joint venture also acquired the Snow Leopard Brewery located near Changchun city.

Subsequent to the year end, two important consolidation transactions were agreed between SAB and East African Breweries Ltd (EABL), the two major brewers in East Africa. This sees Castle Brewing Kenya Ltd being sold by SAB to EABL in return for a 20% stake in their Kenya Breweries Ltd subsidiary. Tanzania Breweries Ltd (TBL), will acquire its EABL-owned competitor in exchange for 20% in Tanzania Breweries.

An Extraordinary General Meeting of shareholders has been called for 1 July 2002 to approve inter alia the transaction with Philip Morris Companies Inc in terms of which the company will acquire Miller Brewing Company from Philip Morris and will deal with proposals to change the company's Articles of Association and alter its authorised and issued share capital.

SHARE CAPITAL

During the year, the issued ordinary share capital increased from 774,999,384 shares of 10 US cents each by 65,888,921 shares to 840,888,305 ordinary shares of 10 US cents each. 64,700,000 of the 65,888,921 new shares were issued in December 2001 to satisfy the capital raising and the remaining 1,188,921 new shares were issued to satisfy the implementation of options in the SAB Executive Share Purchase Scheme.

DIVIDENDS

An interim dividend of 6.5 US cents per share in respect of the year ended 31 March 2002 was paid on 29 December 2001.

The board has proposed a final dividend of 18.5 US cents per share, making a total of 25.0 US cents per share for the year, representing a dividend cover ratio of 1.9 times. Shareholders will be asked to approve this proposal at the annual general meeting, scheduled for 31 July 2002. In the event that approval takes place, the dividend will be payable on 6 August 2002 to shareholders on either register on 5 July 2002. The ex-dividend trading dates as stipulated by the LSE will be 3 July 2002 on the London Stock Exchange and 1 July 2002 on the JSE Securities Exchange. As the group reports primarily in US dollars, dividends are also declared in US dollars. They are payable in sterling to shareholders on the UK section of the register and in South African rand to shareholders on the RSA section of the register. The rates of exchange applicable on 24 May 2002, being the last practical date before the declaration date will be used for conversion (£/\$ = 1.4575 and R/\$ = 10.0500) resulting in an equivalent final dividend of SA 185.9250 cents for RSA shareholders and UK 12.6930 pence for UK shareholders. The equivalent total dividend for the year for RSA shareholders is SA 250.600 cents (prior: SA 197.3663 cents)

and for UK shareholders is UK 17.2931 pence (prior: UK 17.6309).

At the July 1999 Annual General Meeting, shareholders approved an amendment to the company's Articles of Association, which gives the directors the power to introduce special dividend payment arrangements for shareholders resident in any particular jurisdiction where this appears to the directors to be advantageous to the company, while still ensuring that individual shareholders are in broadly the same position. Such arrangements remain under consideration but will not be utilised for the current final dividend.

NOTIFIABLE INTERESTS

Notifiable interests representing 3% or more of the issued ordinary share capital of the company are disclosed in note 35 to the financial statements.

ANNUAL GENERAL MEETING

The Annual General Meeting to receive the annual report will be held at the Mayfair Inter-Continental Hotel, Stratton Street, London W1A 2AN, England at 11:00 on Wednesday, 31 July 2002. Notice of the meeting has been mailed to shareholders and may also be obtained separately.

GOVERNANCE

Particulars of the directors of the company and the secretary are set out separately in this document. The membership and terms of reference of each board committee are further described in the same section. The report on directors' remuneration (including directors' shareholdings in the company) is set out in full

separately in this document. The statement regarding the directors' responsibilities in respect of the financial statements is also set out separately. Details of internal control compliance, including financial control, are set out separately in the corporate governance review.

AUDITORS

PricewaterhouseCoopers have expressed their willingness to continue in office and resolutions proposing their re-appointment and authorising the board to set their remuneration will be submitted to the forthcoming Annual General Meeting.

EMPLOYMENT POLICIES

The continued motivation of employees and management towards overall productivity enhancement in the business, by increasing empowerment, is a fundamental feature of the group's operating philosophy and is key to the management of risk. This is achieved through training, development, information sharing and progressive co-operative contributions to operating methods and planning, supported by rewards at competitive levels, including short and long-term incentives where appropriate.

Each company within the group designs employment policies which are appropriate to its business and markets and which attract, retain and motivate the quality of staff necessary to compete. These policies are required to provide equal employment opportunities, without discriminating against gender, race or physical disability, among others. Reports and newsletters to employees are published by the major subsidiary companies and divisions.

In southern Africa, the group encourages and implements the inclusion and advancement of black and female persons in managerial capacities throughout every aspect of the group's activities, and encourages black business within all the group's commercial associations. This activity is driven by top management commitment and progress is measured at group level as well as divisional and subsidiary board levels against agreed time-related, qualitative and quantitative targets.

PURCHASE OF OWN SHARES

At the last Annual General Meeting, shareholder authority was obtained for the company to purchase its own shares up to a maximum of 10% of the number of shares in issue on 31 March 2001 for a period ending on the earlier of the next Annual General Meeting or 31 October 2002, on certain pricing conditions. Under the conditions of the Employee Benefit Trust, details of which are provided in the report on directors' remuneration and in note 15 to the financial statements, shares in the company may also be purchased.

The notice of Annual General Meeting proposes that shareholders approve a resolution renewing this authority.

CORPORATE CITIZENSHIP AND COMMUNITY RELATIONS

The principles of SAB's corporate citizenship are set out in the corporate governance section of the corporate accountability report. The 2002 report on corporate citizenship, which looks at the group's economic, environmental and social impacts in more detail, is published and distributed alongside this report.

DONATIONS

During the year, group companies made charitable and related donations of US\$7.1 million (R46.5 million) to charitable organisations. The group makes no political donations in the United Kingdom. In its principal emerging markets, so far only in South Africa, the group may make donations by exception through the major parties with the goal of strengthening democracy, but not to provide partisan support. No such donations were made in the year under review.

RESEARCH AND DEVELOPMENT

The group continues to invest in new products and processes, as well as new technologies to improve overall operational effectiveness. SAB plc's scientific research has yielded solid progress in the areas of brewing raw materials, new brands and packs and in proprietary technologies.

PAYMENT OF SUPPLIERS

The group agrees terms and conditions with suppliers before business takes place, and its policy and practice is to pay agreed invoices in accordance with the terms of payment. At the year end the amount owed to trade creditors was equivalent to 55.1 days of purchases from suppliers.

By order of the board



A O C Tonkinson

Group Secretary

17 June 2002

The company is committed

to an open governance process

SAB believes that corporate governance, as the system by which companies are managed and controlled, exposes to the light the organisation's core values and ethics, encouraging alignment of the corporate heartbeat with the prevailing norms of society, responsively to the changing needs of stakeholders.

The company is guided by the letter and spirit of the values expressed in the Combined Code – Principles of Good Governance and Code of Best Practice appended to the Listing Rules of the UK Listing Authority (the 'Combined Code'), including the enhancement to the Combined Code following publication of the Turnbull Report on Internal Control: Guidance for Directors on the Combined Code. Account is also taken of trends in evolving institutional shareholder and government guidance on disclosure and shareholder authorisation, including regional governance initiatives such

as the King Code of Corporate Practice and Conduct 2002 in South Africa. This section describes the way in which the company complies with the Combined Code.

The company is committed to an open governance process through which its shareholders may derive assurance that, in protecting and adding value to SAB's financial and human investment, the group is being managed ethically, according to prudently determined risk parameters and striving to achieve and advance local best practices in the territories in which it operates.

The board sets the strategic objectives of the group, determines investment policy, agrees on performance criteria and delegates to management the detailed planning and implementation of that policy, in accordance with appropriate risk parameters. The board monitors compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the board, including quarterly performance reporting and budget updates.

The company complies with the requirements of the Combined Code. Last year it was noted that a majority of the non-executive directors were regarded by the company as independent and that situation prevailed throughout the year under review.

THE BOARD AND BOARD COMMITTEES

The board of directors currently comprises six executive and ten non-executive directors. Mr H R Collum stepped down from the board on 31 March 2002, having served as a director (and as senior non-executive director) since February 1999. Mr Ning Goaning (Frank Ning) was appointed to the board from 10 October 2001 as a non-executive director. Mr Ning is not regarded as independent as he represents the company's China joint venture partner in China Resources Breweries Ltd. Mr André C Parker joined the board as an executive director from 29 November 2001.

Of the ten current non-executive directors, Mr Levett remains connected to a major shareholder of the company, Mr Kahn

has previously served in an executive capacity and Mr Ning is connected as described. The remaining seven non-executive directors are considered to be independent. The details of the directors appear on pages 124 and 125.

The executive directors generally have responsibility for proposing strategy and for making and implementing operational decisions on running the group's businesses. Non-executive directors complement the skills and experience of the executive directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other businesses and sectors. All directors bring an independent judgement to the issues of strategy, performance, and resources, including key appointments and standards of conduct.

The board meets regularly and has a formal schedule of matters reserved to it, which includes policies on social and environmental responsibility. The board and its committees are supplied with full and timely information which enables them to discharge their responsibilities. All directors have access to the advice of the Company Secretary and independent professional advice is available to directors in appropriate circumstances at the company's expense. The board met seven times in financial 2002 and sub-committees of the board met three times to deal with investment and financing issues.

The roles of Chairman and Chief Executive are separate with responsibilities divided between them. Lord Fellowes took up the role of senior non-executive director from 1 April 2002.

Following the appointment of new directors to the board an induction programme is arranged, including visits to the group's businesses and

meetings with senior management as appropriate, to facilitate their understanding of the group.

All directors are subject to retirement and re-election by shareholders every three years. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment. The names of directors submitted for election or re-election will be accompanied by sufficient biographical details to enable shareholders to make an informed decision in respect of their election. Non-executive directors are appointed for specified terms subject to re-election and to Companies Act provisions relating to the removal of directors. The re-appointment of non-executive directors is not automatic.

Board committees

Specific responsibilities have been delegated to board committees with defined terms of reference. The principal board committees are as follows:

The audit committee

During the financial year, the audit committee was chaired by Mr Collum and further comprised Lord Renwick (who stepped down from 1 June 2001) and continuing members Messrs Morland, Levett and Slack plus Lord Fellowes, Mr Manser and Dr Strauss who joined the committee from 1 June 2001. Mr Manser was appointed committee chair from 1 April 2002. The committee meets three times a year and a sub-committee meets twice more. The external auditors, the Chief Executive and the Chief Financial Officer are in attendance at each meeting and other members of the management team, including internal audit representatives, attend as required. Executive attendees are excused for periodic discussions with the external auditors. The committee has the power to examine any financial operating and strategic matters in and relating to the group in accordance with its written terms of reference. This includes reviewing the annual accounts, internal control procedures, accounting policies, compliance and regulatory matters, recommending the appointment of the external auditors and other related issues.

The audit committee reviews in annual cycles with management, that adequate and appropriate internal controls are in place and are appropriate to meet future needs; that significant business, strategic, statutory and financial risks have been identified and are being monitored and managed; that appropriate standards of governance, reporting and compliance are in operation; and it advises the board on issues relating to the application of accounting standards to published financial information.

Internal audit structures in the major operating subsidiaries and divisions function under the direction of, and report to, their respective audit committees. The internal audit functions are performed either by teams of appropriate, qualified and experienced employees or through the engagement of external practitioners upon specified and agreed terms with equivalent access. These structures are reviewed for effectiveness with external consultants at least once a year. The primary mandate of the group's internal auditors is to examine and evaluate the effectiveness of the applicable operational activities, the attendant business risks and the systems of internal operational and financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the applicable audit committee, external auditors and operational management for resolution. The company's audit committee has access to the proceedings of and reports to the divisional audit committees.

The nomination committee

The nomination committee is chaired by Lord Renwick, who served with Messrs Collum, Kahn and Morland through the financial year. From 1 April 2002, Lord Fellowes joined the committee in place of Mr Collum.

The committee considers the composition of the board and its committees, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the board. Executive directors are considered for appointment to the board on the basis of their experience, skills and level of contribution to and impact upon the group. Non-executive directors are selected for recommendation on the basis of industry knowledge, professional skills and experience, and where appropriate the directors believe that significant shareholders in the company should be represented on the board. All directors are subject to retirement and re-election by shareholders at least once every three years in accordance with the company's Articles of Association and the requirements of the Combined Code. After recommendation by the nomination committee, the appointment of a new director is dealt with directly by the board.

This committee meets as often as required. It met four times in Financial 2002 and a sub-committee met once.

The board chairman conducts annual appraisals of the performance of each of the non-executive directors and reviews these with the senior non-executive directors and the Company Secretary. The senior non-executive director reviews the performance of the chairman of the board. Thereafter, where appropriate, individual directors may be interviewed. The results are reported to the nomination committee.

The remuneration committee

The remuneration committee is chaired by Lord Renwick, who served with Messrs Collum, Kahn and Morland through the financial year. From 1 April 2002, Mr Manser joined the committee in place of Mr Collum. The committee sets short, medium and long-term remuneration for the executive directors. More generally, the committee is responsible for the assessment and approval of a broad remuneration strategy for the group, the determination of short and long-term incentive pay structures for group executives, the positioning of senior executive pay levels relative to local and international industry benchmarks and the assessment and authorisation of specific reward proposals for the company's executive directors and those executives reporting directly to the Chief Executive.

The remuneration committee's overall strategy is to ensure that employees are rewarded for their contribution to the group's operating and financial performance at levels, which take account of industry, market and country benchmarks, as well as the requirements of collective bargaining. In order to promote an identity of interests with shareholders, share incentives are considered to be critical elements of executive incentive pay. While Mr Kahn is not regarded as fully independent, his experience of the group and external remuneration matters brings worthwhile balance and perspective to the committee deliberations.

The board's report on directors' remuneration appears on pages 51 to 63.

Corporate accountability and risk assurance committee (CARAC)

The corporate accountability committee operated as an executive committee, chaired by Lord Fellowes, until 31 May 2001. From 1 June 2001, the committee was reconstituted as a committee of the board, chaired by Lord Fellowes. This is described in the section on corporate governance and accountability. The committee meets twice a year and reports to the board on its activities, as do the other board committees. Additionally, the Company Secretary, who chairs the group wide corporate accountability working committee (a management committee) meets regularly with the chairman of CARAC on implementation and planning issues.

RELATIONS WITH SHAREHOLDERS

It is the policy of the company, where practicable, to pursue dialogue with institutional shareholders and to involve private investors in its Annual General Meeting. In addition to the

facilities offered by the Company Secretary's department, the company has established a strong investor relations and communications team to liaise with institutional investors. The investor relations team is in constant contact with analysts and fund managers and arranges presentations on recent acquisitions and country business progress, as well as site visits. The Group Corporate Accountability Manager has initiated contact with fund managers and institutional investor representative bodies on SRI and triple bottom line issues and is establishing a regular schedule of one-on-one interaction and briefings.

The company encourages shareholders to attend its Annual General Meetings, which provide opportunities for shareholders to ask questions of the board, including the chairmen of the audit, remuneration and nomination committees.

Last year, the board put its revised remuneration policy (prior to implementation) as contained in the directors' remuneration report, to a vote. The board was commended for this in a publication by Income Data Services, as well as for the level of disclosure in the directors' remuneration report. This followed a process of consultation with institutional investor representatives and a range of significant shareholders. Of the 775.4 million ordinary shares in issue, 477.4 million shares were voted (1.5 million by 22 shareholders present in person). Although the resolution was carried unanimously on a show of hands, the proxy votes counted represented 98.2% in favour of the resolution. In line with the DTI's recommendation, the board will put its remuneration report to an advisory vote at the forthcoming Annual General Meeting.

At the most recent Annual General Meeting, all proxy votes were counted and displayed on screen during the voting process. Proxy votes on all the resolutions proposed voted 98% or more in favour of each resolution.

ACCOUNTABILITY AND AUDIT

Going concern

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the financial statements.

Internal control

Following the publication and application of Internal Control: Guidance for Directors on the Combined Code (the Turnbull Report), the directors report below on their review of the effectiveness of the group's systems of internal control.

Essential features of the group's system of internal control comprise:

- Group statements on Strategic Direction, Ethics and Values.
- Clear business objectives and business principles.
- Published risk policy and guidance on acceptable risk.
- An ongoing process for identification and evaluation of significant risk that may prevent achievement of business objectives.
- Implementation of management processes to manage the significant risks to an acceptable level.
- Ongoing monitoring of significant risks and internal and external environmental factors that may change the risk profile.
- Regular reporting to the board through the audit committee on status of risk management and internal control, any evolving risk and any internal control breakdown that may have occurred, with further reporting to the board through the corporate accountability committee on social, environmental, ethical and prospective risk.

The company's existing internal controls and risk management processes are subjected to constant review and adaptations to the extent necessary to ensure full compliance with the requirements of the Internal Control Guidance for Directors in the

Combined Code, for the reporting period and to deliver improved value to the operating businesses. Policies have been strengthened and formalised to bring into greater focus the identification, evaluation and monitoring and reporting of risk as an integral part of the system of internal control. Key reports include those which identify, rank, monitor and measure strategic, operational and financial risks in each division and on a group basis through an annual cycle, along with matching reports on internal control processes and breakdowns and the structure and effectiveness of internal audit functions. These reports are co-ordinated and evaluated with advice from external consultants. At half year and year end the chief executives and chief financial officers of all the group's operations are required to submit formal letters of representation on controls, compliance and notification of threatened or ongoing operational, financial and legal risks. These form the subject of full reports to the audit committee.

The directors are responsible for the company's system of internal control and reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating, managing, monitoring and reporting on the significant risks faced by the company, which is co-ordinated by external consultants (who are not the company's auditors). This process has been in place for the year under review up to and including the date of approval of the annual report and accounts.

Board review

Reviews were carried out in April and November 2001 and in May 2002 by the board, which concluded that internal controls accord with the Turnbull committee guidance (issued in September 1999). In particular, the company has identified key areas of risk which are subject to regular reporting to board committees. The audit committee deals primarily with operational and financial matters, including breakdowns of controls, reputation, insurance and loss prevention, litigation

and listing compliance issues. The corporate accountability committee deals with business ethics, values and principles, plus stakeholder accountability, including specialist areas such as employee, social, health, safety and environmental issues, as well as impacts on product and service quality and non-exclusively with emerging and prospective risk.

Key risks, with which the board has been concerned, and reviewed, during the year, include:

- Raising capital (at lower cost)
- Major corporate finance transactions
- Organisation change, including partnerships
- Major capital expenditure/development expenditure
- Product/consumer safety
- Key brands' equity/health
- Regulatory compliance and taxation
- Currency/economic volatility
- Stakeholder reputation
- Crisis management/transfer
- HIV/AIDS in Africa
- Environmental policy and reporting
- Strategic people skills

Internal audit

The audit committee is satisfied that adequate, objective internal audit assurance standards and procedures exist in the group. The November 2001 and May 2002 committee meetings received internal audit reports on the major business units, together with proposals for the ongoing internal assurance processes. Reports on these issues were made to the board. The adequacy and capability of the group's internal audit structures are the subject of review twice a year, by both external consultants and the company's external auditors.

Risk management

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks. These risks encompass such areas as consumer markets, skills and people risks, technology, the environment, competition, corporate reputation, compliance with regulation and legislation, professional liability and the general operating, financial and treasury risks referred to below.

The management of risk and loss control is decentralised, but in accordance with the Group Risk Management Manual and with group policies on risk financing, including self-insurance. Compliance measurement is through periodic risk activity reports, and measurement of the loss control activity by group specialists, supported by independent international consultants as well as consultants for the group's risk underwriters.

Against the prevailing debate on auditor independence, the audit committee and the board have reviewed the company's relationship with its independent external auditors, as well as those relationships affecting the company's major subsidiaries and joint ventures. The board is satisfied with the current framework for auditor independence, but will keep emerging developments and requirements under scrutiny.

Financial and treasury controls

The group's systems of internal financial control include written policies and procedures, which are detailed in policy manuals, clearly defined lines of accountability and delegation of authority, and make provision for comprehensive reporting and analysis against approved standards and budgets.

Compliance is tested by way of control self-assessment, internal audit check and external audit. The group's various divisional audit committees consider the results of these reviews on a regular basis, and confirm the appropriateness and satisfactory nature of these systems, while ensuring that breakdowns involving material loss, if any, together with remedial actions, have been reported to the respective boards of directors.

It is the responsibility of the group's treasury operations to control and reduce exposure to interest rate, counterparty, liquidity and currency transaction risks and to co-ordinate the activities of group companies in this area. While non-leveraged derivatives are purchased periodically to hedge specific interest rate or currency exposures, group treasury does not undertake speculative financial transactions and the writing of option contracts is prohibited. Further discussion on treasury management is included in the notes on the group accounts. Treasury policies, risk limits and monitoring procedures are reviewed regularly by the board.

Operational controls

While operating risk can never be fully eliminated, the group endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout its businesses. Key policies employed in managing operating risk involve segregation of duties, transaction authorisation, monitoring and financial and managerial reporting. The group also has in place extensive back-up capabilities as well as catastrophe insurance, and engages in business resumption planning, including preventative and contingency measures, to ensure ongoing product and service delivery under adverse conditions.

Monitoring process

The effectiveness of the internal control systems, including the potential impact of changes in the operating and business environments, is monitored through regular management reviews, control self-assessment (with representation letters on compliance being signed annually by the chief executive

and chief financial officer of each major business unit), reviews and testing by internal auditors and testing of certain aspects of the internal financial control systems by the external auditors during the course of their statutory examinations. Directors, executives, key managers and professionals make annual written declarations of interests and are obliged to report any potential or actual conflicts arising without delay. The group's mission, values, business principles and ethics framework are communicated regularly to employees, who are involved in workshops and supported by an ethics reference framework.

CORPORATE ACCOUNTABILITY

Business is about wealth creation – built on a sound foundation of relationships with people, taking account of their needs, values and cultures and the natural environment in which it operates. SAB continues to support this philosophy, by taking into account those who have a legitimate interest in our business – our stakeholders.

In addition to our investors, partners and other providers of capital, the company has identified other primary stakeholders, including: employees, customers, consumers, suppliers, governments, local communities and, in respect of the environment, present and future generations. Our relationships with these stakeholders are monitored through formal accountability systems, which have been developed progressively since 1997.

In the initial stages, this process was overseen by an executive corporate accountability committee, which was established to spearhead the drive toward best practice in ethical, social and environmental accountability through the advancement of value statements, business principles, policies and related guidelines. In addition, this committee (which continued to function until 31 May 2001) determined the scope of internal and external reporting mechanisms, which measure performance and compliance, and contribute to the measurement and control of operational and accountability-related risk. SAB's commitment to good corporate citizenship through this committee was enhanced by the fact that its membership comprised the chief executive, chief financial

officer, managing directors of each of the operating units, and a number of other senior group executives – with an independent non-executive director, Lord Fellowes, in the chair.

As of 1 June 2001, the outgoing executive committee was replaced with a newly constituted board committee, the corporate accountability and risk assurance committee (CARAC).

CARAC is chaired by Lord Fellowes and comprises four non-executive and three executive directors. The other nominated non-executive members include Messrs Kahn, Manser and Ramaphosa, while the executive members are Messrs Mackay, Wyman and Adami with the Company Secretary as committee secretary.

The committee's main objective – as recommended in its terms of reference – is to assist the board in the discharge of its duties relating to corporate accountability and associated risk and opportunities in terms of the direction, assurance and reporting for the group. The committee also provides independent and objective oversight, and reviews information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the audit committee to the board on financial, business and strategic risk.

The committee utilises the services of the Group Corporate Accountability Department to progress its activities, and co-opts management and technical specialists in bi-annual accountability workshops, to ensure integration of the various strategic business agendas and the representation and participation of all of the business units within the group.

While internal reports are collated on a quarterly basis for consideration by the board, limited comment on corporate accountability performance is available to external stakeholders in the annual report – with more detailed disclosure in the accompanying corporate accountability report (CAR).

In summary, and in terms of the Association of British Insurers' guidelines for the reporting of social, environmental and ethical matters, it is recorded here that:

- The board addresses accounting for these matters by reviewing them and reports thereupon by assigning these issues to CARAC for development and policy recommendation alongside the examination of business and strategic risk through the audit committee's internal control process.
- SAB has addressed social, environmental and ethical matters in the training of its directors in terms of impacts of key risks such as reputation, and in the development of CARAC and the CAR. Such training will become more specific in future and is included in director induction.
- The remuneration committee is aware of emerging views that the effect of social, environmental and ethical performance should be included in the design and implementation of its performance-related remuneration schemes.
- SAB's reports include information about the effect of social, environmental and ethical matters on the company's short and long-term value. SAB's Cash Value Added Statement (refer to pages 12 and 13 in the CAR) has found an innovative way to demonstrate in economic terms how shareholders and other stakeholders have benefited from the company's activities.
- The accompanying CAR describes the company's policies and procedures for managing risks to SAB's short and long-term value arising from social, environmental and ethical matters and the extent of its compliance with these.

Accountability review

The broad scope of the accountability function for the past financial year is detailed in the fifth edition of SAB's report on corporate citizenship, the CAR, which is published as a companion document to this annual report, and may also be viewed on our website at www.sabplc.com

Performance measures are reported in accordance with triple bottom line methodology, and, as such, data is broadly grouped in economic, social and environmental categories – aspects of which are reported below.

ECONOMIC IMPACTS

First and foremost, SAB is a business. By satisfying our customers, we create wealth, measured as the cash available for distribution among stakeholders. This has increased this year by 5%. Over the same period, total shareholder return was 7%. SAB is now included in the Dow Jones and FTSE indexes of the most socially responsible companies.

Our rapid international expansion is made possible by combining cost-effective capital, raised through our London listing, with the local knowledge that comes from forming strategic partnerships and joint ventures. This year growth has been strongest in China, India and Central America. Sales are increasing and customer satisfaction ratings remain high. Employee numbers including subsidiaries and associated operations are up by 48.6%.

ENVIRONMENTAL IMPACTS

Despite this growth, our impact on the environment is reducing – efficient use of water and energy is improving: we now achieve 5.7 hectolitres and 10.2 kWh per hectolitre of clear beer brewed. CO₂ emissions total 15.62 kg/hℓ. Six more sites have achieved ISO 14001 environmental accreditation and a group-wide environmental management system is now being implemented, with quarterly monitoring of key performance indicators. Progress was assessed independently through the Business in the Environment Index, and our score was up by more than a third. The group's recently revised environmental policy is set out in full in the accompanying CAR.

SOCIAL IMPACTS

Despite rapid change and growth, our performance on employee issues remains consistent. On health and safety, the world-wide accident rate fell slightly this year. However, the number of days allocated to training was down, although more effort was devoted to the needs of staff in the lower grades. Real progress on diversity in the workforce remains disappointing, except in South Africa where employment equity is a priority. SAB was named 'best company to work for' in South Africa this year.

We estimate that more than one million indirect jobs are sustained in our supply chain and distribution channels. SAB companies contribute around US\$858 million to public revenues – governments continue as the biggest single beneficiary of the wealth we create. We continue to invest in public education about responsibility in drinking and gaming, and work with industry partners to enforce rigorous standards in marketing. During the year, we adopted a new group strategy for social investment – community contributions totalled US\$7 million and 1.2% of pre-tax profit.

This report on remuneration and related matters

covers issues which are the concern of the board as a whole in addition to those which were dealt with by the remuneration committee.

THE REMUNERATION COMMITTEE

The remuneration committee deals with the remuneration of the executive directors and other members of the executive committee, as well as approving all grants of discretionary share options and awards under the Performance Share Award Scheme, on behalf of the board and shareholders.

The board accepted, without substantial amendment, the recommendations of the remuneration committee under its delegated powers. During the financial year to 31 March 2002 the members of the remuneration committee were Lord Renwick of Clifton, Mr J M Kahn, Mr H R Collum and Mr M Q Morland. From 1 April 2002, Mr Manser joined the committee in place of Mr Collum.

REMUNERATION POLICIES

The remuneration committee has sought to operate a framework of policies, within which it has set the remuneration package for each executive director, which applies the principles of Section 1 of the Combined Code and the code of Best Practice.

The overall strategy of the remuneration committee has been to ensure that executive directors and senior managers are rewarded for their contribution to the group's operating and financial performance at levels which take account of industry, market and country benchmarks. The basic objective of the policies is that the executive directors should receive remuneration which is appropriate to their scale of responsibility and performance and which will attract, motivate and retain individuals of the necessary calibre. In the application of its policy, the remuneration committee also has had regard to the necessity of being competitive in the different parts of the world in which the company operates.

The base pay of the executive directors has been related to median pay levels of the 15 companies either side of SAB's FTSE 100 index position as at the previous financial year end. The short-term incentives and long-term incentives received by the executives have been based on multiples of that base pay and have been provided under plans, details of which are set out in the following pages. In order to promote an identity of interest with shareholders, share incentives are considered to be critical elements of executive incentive policy.

If the acquisition of the Miller Brewing Company is approved by shareholders, the size and geographic reach of SABMiller plc will be very different from the current position and the sizeable new US operation will have a remuneration mix that varies significantly from that of SAB. The remuneration committee policies will continue to have regard to pay levels in the 15 companies either side of SABMiller's position in the FTSE 100 index but, with the company's increased exposure to the global marketplace, will be related also to the compensation levels of the principal international competitors operating in the market in which it is engaged.

The remuneration committee will be concerned to ensure that the principal executive directors, who have been responsible for the successful transformation of the company into a London based but global business, and who will be responsible for the execution of future strategy, are incentivised in line with shareholder interests to ensure value creation in the enlarged company and retained during the demanding period of integration that lies ahead, as reflected in the circular on page 232 for the Extraordinary General Meeting of shareholders in London on 1 July 2002.

The remuneration committee has taken independent advice from Mercer Human Resource Consulting Ltd ("Mercer"), a leading firm of remuneration consultants, to help it achieve its objectives.

Mercer take advice from Channel Consulting in South Africa on South African pay aspects relating to executive directors and senior management based in that country. In its work the remuneration committee takes account of the grading structure in place in the multinational operations, which is determined by operational management on the advice, *inter alia*, of Hay Management Consulting interfacing with the senior human resources practitioners in the group, in accordance with specific job evaluation techniques and performance management systems. The Company Secretary's office monitors governance, dilution compliance hierarchy and internal equity, whilst providing share incentive delivery and regulatory systems. There are indirect influences arising from the reviews of expatriate pay for international deployment against ECA (Employment Conditions Abroad) country pay data, benchmarked against information from the other consultants described.

SUMMARY OF REMUNERATION

The remuneration packages of executive directors comprise annual salary, an annual cash performance bonus plan, participation in share option plans and in a performance share award scheme, pension contributions and health and car benefits. These are described below:

EXECUTIVE DIRECTORS' SALARIES

In setting annual salary levels for the financial year to 31 March 2002 and in reviewing these for the financial year to 31 March 2003, the remuneration committee has been assisted by Mercer.

For the financial year to 2002, comparisons were made with the pay of relevant post holders in the 30 companies clustered around SAB plc in the FTSE 100 at 2 April 2001 (the next business day after the financial year end).

This data was then applied to determine the £ sterling component of base pay of each of the executive directors, according to the proportion of their time expected to be spent on UK plc duties. Local market pay data was collected and used to determine the rand component of base pay of each of those executive directors then based primarily in South Africa.

In the case of Messrs Mackay, Wyman and Lloyd, the applicable percentage of UK duties was 100%. Mr Adami's applicable percentages were judged for financial year 2002 to be 40% on UK plc duties and 60% on South African duties rather than the previous percentages of 30% UK plc and 70% South African duties. This change reflected the increasing time spent by Mr Adami on UK plc affairs. In the case of the other executive directors the applicable percentages were 30% on UK plc duties and 70% on South African or European duties.

For the financial year to 31 March 2003, it is intended to maintain a similar approach. South African rand pay will continue to be set by reference to the local market.

As a result of applying the approach described above the annual levels of pay determined at the start of the financial year 2002 and the percentage changes from levels prevailing at 1 April 2001 on the same basis were as shown in the table below (for the purposes of these calculations the ZAR: £ and US\$: £ exchange rates at 31 March 2001 and 31 March 2002 were applied):

EXECUTIVE DIRECTORS' SALARIES

| | | 2002 | 2001 | |
|--------------|----|----------------|---------|-----------------|
| | | R/£/\$ | R/£/\$ | % change |
| N J Adami | R | 765,504 | 875,908 | (13) |
| | £ | 115,200 | 80,000 | 44 |
| | \$ | — | — | — |
| Total – £ | | 162,166 | 156,619 | 4 |
| R L Lloyd | R | — | — | — |
| | £ | 275,000 | 67,500 | 307 |
| | \$ | — | 242,238 | — |
| Total – £ | | 275,000 | 237,016 | 16 |
| E A G Mackay | R | — | — | — |
| | £ | 508,800 | 462,500 | 10 |
| | \$ | — | — | — |
| Total – £ | | 508,800 | 462,500 | 10 |
| A C Parker | R | 260,369 | — | — |
| | £ | 20,219 | — | — |
| | \$ | — | — | — |
| Total – £ | | 36,193 | — | — |
| M H Simms | R | — | 766,413 | — |
| | £ | 73,000 | 67,500 | 8 |
| | \$ | 218,250 | — | — |
| Total – £ | | 226,341 | 134,541 | 68 |
| M I Wyman | R | — | — | — |
| | £ | 315,000 | 280,000 | 13 |
| | \$ | — | — | — |
| Total – £ | | 315,000 | 280,000 | 13 |

Note:

The effect of remuneration changes during the year due to redeployments, promotions and currency movements can be seen in the consolidated table on page 62. Mr Parker's remuneration covers the four months to 31 March 2002, being the part of the year in which he served as an executive director.

EXECUTIVE DIRECTORS' BONUSES

In addition to basic salary, each of the executive directors was entitled to participate in an annual bonus scheme. Under this they may be awarded up to 65% (80% in the case of Mr Mackay) of annual salary if group, divisional (where appropriate) and personal performance objectives agreed by the remuneration committee were met.

For the financial year ended 31 March 2002, bonuses for Messrs Mackay, Wyman and Lloyd have been based as to 60% of maximum on group financial performance, 20% on the attainment of strategic objectives and 20% on agreed personal targets. For the other executive directors responsible for operating divisions, bonuses have been based as to 30% of maximum on group financial performance, 40% on the attainment of divisional financial performance and 30% by reference to strategic and personal objectives.

The common group financial performance targets related to adjusted earnings per share performance in £ sterling and PBIT margin. The divisional financial targets varied across divisions according to divisional value drivers linked to group needs, with economic value a significant measure in the South African operations.

At its meeting on 28 May 2002, the remuneration committee received assessments of the performance of each of the executive directors against their agreed financial and strategic targets. In light of these the remuneration committee agreed the payments of bonuses as shown in the table below:

| Name | 2002 Bonus £ | Award | |
|--------------|--------------------|----------------------------|--------------------|
| | | % of year end salary | 2001 Bonus £ |
| N J Adami | 87,431 | 53.91 | 32,000 |
| R L Lloyd | 135,000 | 49.09 | 83,005 |
| E A G Mackay | 275,000 | 54.04 | 128,500 |
| A C Parker | 18,796 | 51.93 | — |
| M H Simms | 113,659 | 50.22 | 57,612 |
| M I Wyman | 160,000 | 50.79 | 64,400 |

LONG-TERM INCENTIVE PLANS

Share option schemes

The company operates both an Inland Revenue Approved Share Option Scheme and an Unapproved Scheme, for options in excess of the Inland Revenue limit of £30,000 (the SAB plc Executive Share Option No 2 Scheme). Grants under the executive scheme up to end of financial 2002 were made up to a cap of four times basic salary over three years. Options under these schemes are granted at market value.

The exercise of options granted during the year under the unapproved share option scheme will normally be conditional on the achievement of earnings per share growth equivalent to the

change in RPI plus 3% compound per annum over a three year period, as determined by the remuneration committee.

Options were granted to each of the executive directors in June 2001.

The company has calculated the Black-Scholes value in respect of the options granted under the Approved and Unapproved Share Option Schemes using a methodology provided by the remuneration committee's consultants, Mercer. The model uses daily share price data for SAB to calculate volatility. Taking account of grant date, exercise price, time to maturity, and assumptions of dividend yield and risk-free rate of return, the application of the methodology provides a Black-Scholes multiple for SAB of approximately 31% for grants made in 2001. This is lower than grants made previously (40% for 2000 grants and 44% for 1999 grants) as the volatility of the company's shares has been reducing. This means that 31%, 40% or 44% of the exercise price (depending on when the grant was made) represents the net present value of the potential future gain.

Following approval by ordinary resolutions at the company's AGM on 30 July 2001 of the directors' remuneration policy as set out in the annual report for the year ended 31 March 2001 the company amended its policy on the share option scheme. The policy now provides for annual grants equivalent to fixed percentages of base salary. Grants made in financial 2003 will be 200% of base salary for the Chief Executive; in the case of the other executive directors 150%, in the case of senior executives 125% and in the case of other participants, up to 100%.

For these annual grants a new performance condition will relate the ability to exercise ("vesting") an increasing proportion of an option to higher performance achieved ("sliding scale vesting"). If an option has not vested by the fifth anniversary of its grant date it will lapse.

The base annual award (determined by reference to pre-financial 2003 grant levels of 130% of annual salary for the Chief Executive, 115% of annual salary for other executive directors and up to 100% for other participants) will continue to vest at compound EPS growth of RPI + 3% subject to testing at three, four and five year intervals from a fixed base. Half of any additional annual amount will vest at RPI + 4%; and the other half of any additional annual amount will vest at RPI + 5% compound EPS growth, measured from a fixed base

and only capable of testing after three, four or five years. EPS was chosen as an appropriate performance condition for the company's share option scheme as it is easily visible to shareholders and managers.

The interests of the executive directors in shares of the company provided in the form of options since listing on 8 March 1999 are shown in the tables below:

SAB plc Approved Share Option Scheme

| Directors | No of shares as at 31 March 2001 | No of shares granted during the year | No of shares exercised during the year | Subscription price (£) | Exercisable 3 – 10 years from | No of shares as at 31 March 2002 | Net present value of estimated future gain £ |
|------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------------|-------------------------------|--------------------------------------|-----------------------------------------|-----------------------------------------------------|
| E A G Mackay | 5,586 | Nil | Nil | 5.37 | 16/03/1999 | 5,586 | 13,200 |
| M I Wyman | 5,586 | Nil | Nil | 5.37 | 16/03/1999 | 5,586 | 13,200 |
| N J Adami | 5,586 | Nil | Nil | 5.37 | 16/03/1999 | 5,586 | 13,200 |
| M H Simms | 5,586 | Nil | Nil | 5.37 | 16/03/1999 | 5,586 | 13,200 |
| R L Lloyd | 5,586 | Nil | Nil | 5.37 | 16/03/1999 | 5,586 | 13,200 |
| A C Parker | 7,299 | Nil | Nil | 4.11 | 02/06/2000 | 7,299 | 12,000 |

SAB plc Executive Share Option No 2 Scheme

| Directors | No of shares as at 31 March 2001 | No of shares granted during the year | No of shares exercised during the year | Subscription price (£) | Exercisable 3 – 10 years from | No of shares as at 31 March 2002 | Net present value of estimated future gain £ |
|------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------------|-------------------------------|--------------------------------------|-----------------------------------------|-----------------------------------------------------|
| E A G Mackay | 112,577 | | | 4.85 | 09/03/1999 | | |
| | 159,416 | | | 4.11 | 02/06/2000 | | |
| M I Wyman | 60,463 | 161,589 | Nil | 5.16 | 01/06/2001 | 433,582 | 760,797 |
| | 85,341 | | | 4.85 | 09/03/1999 | | |
| N J Adami | | 88,857 | Nil | 4.11 | 02/06/2000 | 234,661 | 411,464 |
| | 33,949 | | | 5.16 | 01/06/2001 | 136,122 | 237,997 |
| M H Simms | 47,621 | | | 5.16 | 01/06/2001 | 181,376 | 308,048 |
| | 30,237 | 111,498 | Nil | 4.85 | 09/03/1999 | | |
| R L Lloyd | 39,641 | | | 4.11 | 02/06/2000 | | |
| | 53,350 | | | 5.16 | 01/06/2001 | 205,290 | 360,286 |
| A C Parker | 76,438 | 75,502 | Nil | 5.16 | 01/06/2001 | 97,880 | 166,855 |
| | 11,345 | | | 5.17 | 27/05/1999 | | |
| | 59,149 | | | 4.11 | 02/06/2000 | | |
| | | 27,386 | Nil | 5.16 | 01/06/2001 | 97,880 | 166,855 |

Note:

The options granted on 9 March 1999 were tested against the performance condition as at 31 March 2002 and did not meet that test. Retesting will take place over the three year period ending 31 March 2003.

SAB EXECUTIVE (SOUTH AFRICAN) SHARE PURCHASE SCHEME

Prior to the adoption of the new share schemes, each of the executive directors participated in the SAB Ltd Executive Share Purchase Scheme.

Details of options granted and share purchases awarded prior to listing in respect of SAB plc shares under this scheme are set out below:

| Directors | As at 31 March 2001 | No of shares granted during the year | No of shares implemented/ exercised during the year | Sale price/ market price (R) | Exercise price (R) | Exercise period for 10 years from | As at 31 March 2002 |
|--------------|---------------------------|--------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|--------------------------|--------------------------------------------|---------------------------|
| E A G Mackay | 100,000 | — | — | — | 34.55 | 14/04/1994 | 100,000 |
| | 100,000 | — | — | — | 53.63 | 29/05/1996 | 100,000 |
| | 100,000 | — | — | — | 53.95 | 28/05/1997 | 100,000 |
| | 150,000 | — | — | — | 46.40 | 11/11/1998 | 150,000 |
| M I Wyman | 100,000 | — | — | — | 53.63 | 29/05/1996 | 100,000 |
| | 40,000 | — | — | — | 32.84 | 14/09/1998 | 40,000 |
| | 60,000 | — | — | — | 46.40 | 11/11/1998 | 60,000 |
| N J Adami | 50,000 | — | 50,000 | 55.04 | 34.55 | 14/04/1994 | — |
| | 100,000 | — | — | — | 53.63 | 29/05/1996 | 100,000 |
| | 40,000 | — | — | — | 32.84 | 14/09/1998 | 40,000 |
| | 100,000 | — | — | — | 46.40 | 11/11/1998 | 100,000 |
| M H Simms | 60,000 | — | — | — | 53.63 | 29/05/1996 | 60,000 |
| | 40,000 | — | — | — | 48.62 | 19/01/1998 | 40,000 |
| | 60,000 | — | — | — | 46.40 | 11/11/1998 | 60,000 |
| R L Lloyd | 60,000 | — | — | — | 53.95 | 28/05/1997 | 60,000 |
| | 60,000 | — | — | — | 46.40 | 11/11/1998 | 60,000 |
| J M Kahn | 400,000 | — | — | — | 53.63 | 29/05/1996 | 400,000 |
| A C Parker | 40,000 | — | — | — | 34.55 | 14/04/1994 | 40,000 |
| | 50,000 | — | — | — | 32.84 | 14/09/1998 | 50,000 |
| | 50,000 | — | — | — | 43.09 | 02/06/2000 | 50,000 |

The executive directors are not eligible to receive further awards under this scheme.

The characteristics of this scheme are such that gains on exercise of options were recognised in prior years in respect of all the share rights reflected in the table.

From 3 June 2000, the SAB Executive Share Purchase Scheme was closed for purposes of new awards, being replaced by The Mirror SAB Executive Share Purchase Scheme for the purposes of new awards to employees of South African employers in the group and other employees of South African origin elsewhere in the group (other than SAB plc directors).

PERFORMANCE SHARE AWARD SCHEME

The company also has in place a Performance Share Award Scheme, which is operated in conjunction with the company's Employee Benefit Trust ("EBT"). The trustee of the EBT grants awards in consultation with the company. Awards are subject to targets and will normally only vest after three years. Vesting is not subject to retesting.

Details of awards made in the year ended 31 March 2002 and previous years are set out below. These awards will only vest if in the period after grant the company's total shareholder return ("TSR") exceeds the median TSR of a comparator group of companies over three years. TSR was chosen as a performance measure as the company believes it important to measure and reward relative performance against other international brewers and beverage producers. TSR, for relative share performance measurement purposes, is calculated using this equation:

$$TSR = \frac{(1+z) \times y}{x}$$

X equals the base price calculated as the daily closing share price in the three month period immediately preceding the start of the measurement period. Y equals the final price, calculated as the daily closing share price in the three month period immediately preceding the end of the measurement period. Z equals net dividends paid in respect of an ordinary share during the measurement period, reinvested on the relevant payment date. If the company reaches median performance, 25% of the awards will vest. For upper quartile

performance, 100% of the awards will vest.

Between these levels, the awards vest *pro rata*.

Executives are encouraged to retain any shares obtained on the vesting of awards by the award of further shares equal to 50% of those vested. These additional shares will vest only if the original shares are retained for a further two years.

In the company's annual report for the year ending 31 March 2001 changes in the levels of awards available under this scheme were disclosed. The amended annual award under this scheme has a face value of 100% of base salary for the Chief Executive and 75% of base salary for the other executive directors. Other senior executives receive up to 50% of base salary.

The comparator group for awards made in 1999 and 2000 was changed for the awards made in June 2001. The changed comparator group will be used for future awards unless changes to the market or company make it necessary to choose another comparator group. The comparator group was expanded and comprises a multi-national range of quoted brewing companies. The reason for the change in the comparator group was to ensure its continued relevance as a benchmark to the company.

The constituents of both comparator groups and graphs showing the companies' performance are shown later in this report at the 'Long-term performance' section.

Taking into account the probability of awards vesting and the scale of the challenge to attain maximum vesting, the indicative market probability is an outcome of approximately 80% of the face value at the time of grant for awards in 2000 and later. For the 1999 award the indicative probability is 50%. Internally this is regarded as only one of a range of potential values that could be achieved.

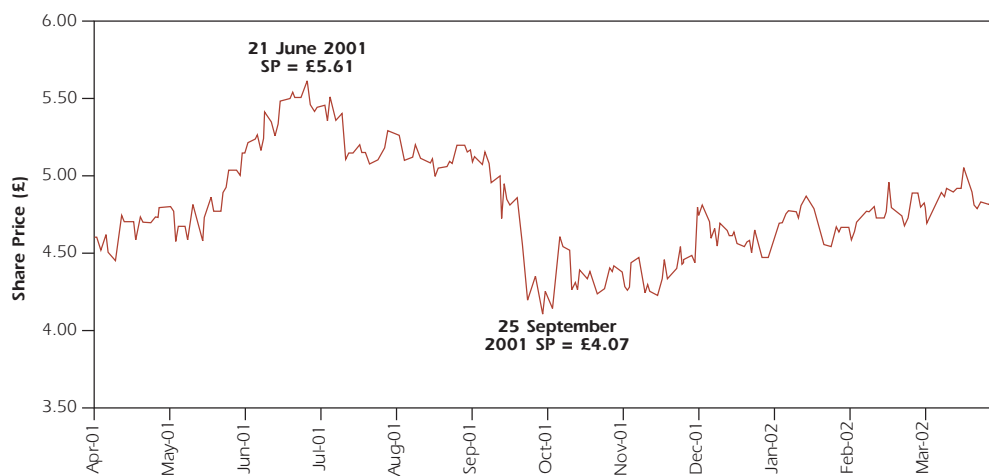
SAB plc Share Award Scheme

| Directors | No of shares as at 31 March 2001 | No of shares granted during the year | No of shares vested during the year | Purchase price* (£) | Performance period 3 years from | No of shares as at 31 March 2002 | Net present value of estimated future gain (£) |
|--------------|----------------------------------|--------------------------------------|-------------------------------------|---------------------|---------------------------------|----------------------------------|------------------------------------------------|
| E A G Mackay | 64,948 | | | 1.00 | 23/03/1999† | | |
| | 84,307 | | | 0.00 | 01/06/2000 | | |
| | | 73,946 | Nil | 0.00 | 01/06/2001 | 223,201 | 739,949 |
| M I Wyman | 26,289 | | | 1.00 | 23/03/1999† | | |
| | 34,063 | | | 0.00 | 01/06/2000 | | |
| | | 30,523 | Nil | 0.00 | 01/06/2001 | 90,875 | 301,749 |
| N J Adami | 14,761 | | | 1.00 | 23/03/1999† | | |
| | 19,062 | | | 0.00 | 01/06/2000 | | |
| | | 17,770 | Nil | 0.00 | 01/06/2001 | 51,593 | 171,826 |
| M H Simms | 13,147 | | | 1.00 | 23/03/1999† | | |
| | 16,375 | | | 0.00 | 01/06/2000 | | |
| | | 24,499 | Nil | 0.00 | 01/06/2001 | 54,021 | 186,854 |
| R L Lloyd | 23,196 | | | 1.00 | 23/03/1999† | | |
| | 30,303 | | | 0.00 | 01/06/2000 | | |
| | | 26,647 | Nil | 0.00 | 01/06/2001 | 80,146 | 265,885 |
| A C Parker | 15,961 | | | 0.00 | 01/06/2000 | | |
| | | 12,267 | Nil | 0.00 | 01/06/2001 | 28,228 | 103,118 |

*Note:

The share price at the time of these awards was £4.85 per share for the 23 March 1999 tranche, £4.11 per share for the 1 June 2000 tranche and £5.16 per share for the 1 June 2001 tranche for the purposes of the net present value calculation.

†Performance period to 8 June 2002 (listing only from 8 March 1999).



Long-term performance

The Department of Trade and Industry has proposed a requirement for companies to report by use of graphs on their performance over time. In anticipation the graph below shows SAB's total shareholder return between listing on the London Stock Exchange on 8 March 1999 and 31 March 2002 and those for the companies of the FTSE 100 Index and SAB's comparator group of beer and beverage companies in the same period.

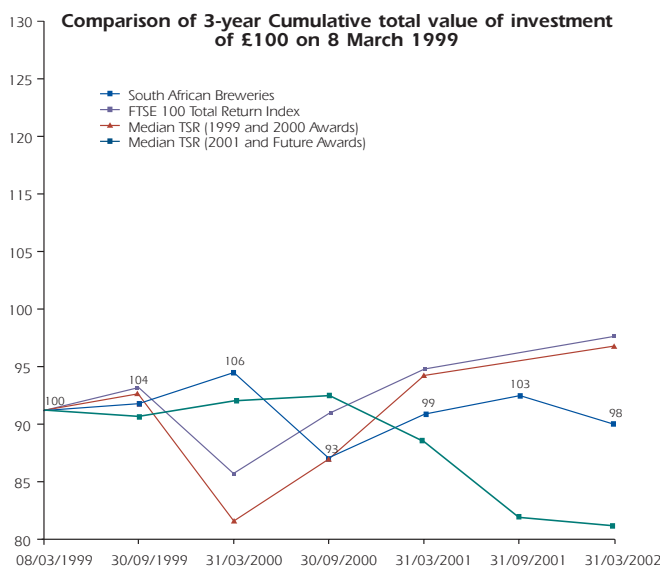
The constituents of the company's comparator groups are as follows:

March 1999 and June 2000 awards

| | | |
|---------------------|-----------------------|------------------------|
| Allied Domecq | Diageo | Pernod – Ricard |
| Anheuser – Busch | Fosters Brewing group | San Miguel Brew.HK |
| Bass | Greene King | Scottish & Newcastle |
| Cadbury Schweppes | Grolsch (Kon) | Whitbread Holdings |
| Carlsberg A | Heineken | Wolverhampton & Dudley |
| Coca-Cola Beverages | Kirin Brewery | |

June 2001 and future awards

| | | |
|------------------------|-----------------------|------------------------|
| Ambev | Fosters Brewing group | Molson A |
| Anheuser – Busch | Greene King | Quinsa |
| Asahi Breweries | Grolsch (Kon) | San Miguel B |
| Asia Pacific Breweries | Hartwall A | Sapporo Breweries |
| Bavaria | Heineken | Scottish & Newcastle |
| Carlsberg A | Interbrew | Wolverhampton & Dudley |
| Coors Adolph B | Kirin Brewery | |
| Femsa UBD | Lion Nathan | |



SHARE PRICE

The company's share price at the end of financial 2002 was £4.90. The graph shows the share price movement during the period 1 April 2001 to 31 March 2002. The highest and lowest prices during that period are also marked on the graph.

PENSIONS

During the year, the company has made contributions for the executive directors to the SAB Executive Pension Scheme, an Approved Occupational Pension Scheme established as a self-administered money purchase scheme. The rate of contribution paid in respect of each executive director's sterling based salaries was 15.6%, to the extent allowed by the benefit cap. Contribution shortfalls above the cap as applicable were paid as additional taxable salary. Mr Simms elected not to join the pension scheme and was paid the contribution as additional taxable salary.

For the South African based executive directors, contributions based on their rand basic salaries have been made to defined contribution group retirement schemes in South Africa by their employer companies in accordance with the rules of those schemes, on a continuation basis at the rate of 19.80% of base salary.

Details of contributions made in the year ended 31 March 2002 on behalf of executive directors are set out in the table below:

| Name | 2002 | 2001 |
|--------------|----------------------------|----------------------------|
| | Retirement contributions £ | Retirement contributions £ |
| N J Adami | 27,301 | 26,143 |
| R L Lloyd | 42,900 | 35,076 |
| E A G Mackay | 79,373 | 50,490 |
| A C Parker | 6,478 | — |
| M H Simms | 30,527 | 15,446 |
| M I Wyman | 49,140 | 43,680 |

DIRECTORS' SERVICE CONTRACTS

Messrs Mackay, Lloyd and Wyman have service contracts with the company. Mr Simms has separate service contracts with the company, in respect of duties in relation to the

company and with South African Breweries International Management Ltd, a Guernsey subsidiary of the company, reflecting his role in the management of the European operations. The other executive directors have separate service contracts with the company, in respect of duties in relation to the board and with The South African Breweries Ltd, a wholly owned subsidiary of the company, in respect of their other duties.

The notice to be given by an executive director to the company is 12 months. The notice to be given by the company to an executive director is 12 months.

Under the service contracts with the company a payment in lieu of notice may be made on termination of employment. Such payment shall be calculated by reference to the executive's basic salary plus company pension contributions for the relevant period less any deduction considered by the company to be appropriate and reasonable to take account of accelerated receipt and the executive's duty to mitigate his loss.

The execution dates of the current contracts that the executive directors have with the company are shown in the table below:

| Executive | Contract date |
|--------------|------------------|
| N J Adami | 23 February 1999 |
| R L Lloyd | 1 October 2000 |
| E A G Mackay | 27 February 1999 |
| A C Parker | 31 March 2000 |
| M H Simms | 1 October 2000 |
| M I Wyman | 26 February 1999 |

OTHER BENEFITS

The executive directors are provided with medical insurance, permanent health insurance, company car or car allowance (at their choice in the UK) and death in service benefit.

Messrs Mackay, Lloyd and Wyman, having relocated to the UK, were each paid £8,333 per month housing allowance to assist with the costs of UK accommodation. This covered the 12 month period April 2001 to 31 March 2002. These allowances are payable for 36 months from relocation. The allowances for Messrs Mackay and Wyman ended 31 May 2002. Mr Lloyd's allowance is payable until 31 October 2003.

The total value of other benefits, including housing allowance provided to executive directors in the year ended 31 March 2002, is given in the table below:

| Name | 2002 Benefits £ | 2001 Benefits £ |
|--------------|--------------------|--------------------|
| N J Adami | 28,411 | 20,054 |
| R L Lloyd | 191,853 | 151,916 |
| E A G Mackay | 196,258 | 232,864 |
| A C Parker | 24,276 | — |
| M H Simms | 46,861 | 71,517 |
| M I Wyman | 178,032 | 222,704 |

Benefits include the housing allowances paid for relocation to the UK as reported above.

NON-EXECUTIVE DIRECTORS' FEES

The fees of the non-executive directors were determined by the board in the absence of the non-executive directors.

The Non-Executive Chairman of the board was paid a fee of £100,000 p.a. from 1 July 2000 in respect of his duties as Chairman. For the year ending 31 March 2002 each non-executive director, other than the Chairman, was paid a fee of £30,000 for his general board duties.

In addition to this fee, a non-executive director who served on the audit, remuneration or corporate accountability and risk assurance committees of the board was paid an additional sum of £2,500 for a full year in respect of each committee. A non-executive director who chaired a "committee" for a full year was paid an additional £5,500 in the case of the audit and remuneration committees and an additional £8,000 in the case of the nomination committee. Lord Fellowes was paid a fee of £6,000 for chairing the corporate accountability and risk assurance committee.

Annual fees paid to non-executive directors in the year ended 31 March 2002 are set out in the table below:

| Name | UK £ | Benefits £ | 2002 Total £ | 2001 Total £ |
|-------------------------|---------|---------------|-----------------|-----------------|
| J M Kahn | 104,583 | 5,610 | 110,193 | 106,507 |
| H R Collum | 45,500 | 324 | 45,824 | 44,574 |
| The Lord Fellowes | 40,083 | 324 | 40,407 | 36,324 |
| M J Levett | 32,500 | — | 32,500 | 32,500 |
| M Q Morland | 35,000 | 312 | 35,312 | 35,310 |
| M C Ramaphosa | 32,083 | — | 32,083 | 30,000 |
| Lord Renwick of Clifton | 46,417 | — | 46,417 | 48,500 |
| H R Slack | 32,500 | 324 | 32,824 | 32,824 |
| Dr C B Strauss | 32,083 | — | 32,083 | 30,000 |
| P J Manser | 28,542 | 324 | 28,866 | — |
| N Goaning | 14,339 | — | 14,339 | — |

Mr P J Manser was appointed as a non-executive director on 1 June 2001 and Mr N Goaning was appointed as a non-executive director on 10 October 2001.

SUMMARY OF EMOLUMENTS PAID

The directors' emoluments in the year ended 31 March 2002 in total were as follows:

Emoluments paid for the period 1 April 2001 to 31 March 2002

| Name | Salary/ fees UK £ | RSA £ | Europe £ | 2002 | | Retire- ment contri- butions | | 2002 | | 2001 | |
|--------------------------------|-------------------------|----------|-------------|----------------|------------|---------------------------------------|--------------------|----------------|------------------|------------------|---------|
| | | | | Total £ | Total £ | Benefits £ | excl bonus £ | Bonus £ | Total £ | Total £ | |
| EXECUTIVE DIRECTORS | | | | | | | | | | | |
| N J Adami | 115,200 | 46,966 | — | 162,166 | 160,269 | 27,301 | 28,411 | 217,878 | 87,431 | 305,309 | 238,466 |
| R L Lloyd | 275,000 | — | — | 275,000 | 270,066 | 42,900 | 191,853 | 509,753 | 135,000 | 644,753 | 540,063 |
| E A G Mackay | 508,800 | — | — | 508,800 | 484,160 | 79,373 | 196,258 | 784,431 | 275,000 | 1,059,431 | 896,014 |
| A C Parker | 20,219 | 15,974 | — | 36,193 | — | 6,478 | 24,276 | 66,947 | 18,796 | 85,743 | — |
| M H Simms | 73,000 | — | 153,341 | 226,341 | 220,858 | 30,527 | 46,861 | 303,729 | 113,659 | 417,388 | 365,433 |
| M I Wyman | 315,000 | — | — | 315,000 | 280,000 | 49,140 | 178,032 | 542,172 | 160,000 | 702,172 | 610,784 |
| Total (A) | | | | | | | | | 3,214,796 | 2,650,760 | |
| NON-EXECUTIVE DIRECTORS | | | | | | | | | | | |
| J M Kahn | 104,583 | — | — | 104,583 | 100,000 | — | 5,610 | 110,193 | | 110,193 | 106,507 |
| H R Collum | 45,500 | — | — | 45,500 | 44,250 | — | 324 | 45,824 | | 45,824 | 44,574 |
| The Lord Fellowes | 40,083 | — | — | 40,083 | 36,000 | — | 324 | 40,407 | | 40,407 | 36,324 |
| M J Levett | 32,500 | — | — | 32,500 | 32,500 | — | — | 32,500 | | 32,500 | 32,500 |
| M Q Morland | 35,000 | — | — | 35,000 | 35,000 | — | 312 | 35,312 | | 35,312 | 35,310 |
| M C Ramaphosa | 32,083 | — | — | 32,083 | 30,000 | — | — | 32,083 | | 32,083 | 30,000 |
| Lord Renwick of Clifton | 46,417 | — | — | 46,417 | 48,500 | — | — | 46,417 | | 46,417 | 48,500 |
| H R Slack | 32,500 | — | — | 32,500 | 32,500 | — | 324 | 32,824 | | 32,824 | 32,824 |
| Dr C B Strauss | 32,083 | — | — | 32,083 | 30,000 | — | — | 32,083 | | 32,083 | 30,000 |
| P J Manser | 28,542 | — | — | 28,542 | — | — | 324 | 28,866 | | 28,866 | — |
| N Goaning | 14,339 | — | — | 14,339 | — | — | — | 14,339 | | 14,339 | — |
| Total (B) | | | | | | | | | 450,848 | 396,539 | |
| Grand total (A+B) | | | | | | | | | 3,665,644 | 3,047,299 | |

The emoluments of Mr M H Simms paid in US dollars have been converted into £ sterling at the exchange rate prevailing on 31 March 2002, as have the emoluments paid to Mr M H Simms, Mr N J Adami and Mr A C Parker in rand. Mr A C Parker, Managing Director – SABI Africa and Asia, was appointed as an executive director of the company on 29 November 2001.

Mr Goedhals who stepped down from the board on 29 February 2000, is employed as a part-time consultant following his retirement from the group and has received annual fees of NLG100,000 and US\$37,500.

Mr Cox stepped down from the board on 28 February 2001 and transferred his employment to SABI Europe, where he is CFO based in Budapest.

The interests of the directors in the shares of the company at 31 March 2002 were:

| Directors | Beneficial holding at 31 March 2001 | Non- beneficial holding | Purchased/ (sold) since year end | Beneficial holding at 31 March 2002 |
|-------------------------|--------------------------------------------------------|----------------------------------------|-------------------------------------------------|--------------------------------------------------------|
| J M Kahn | 1,470,578 | — | — | 1,470,578 |
| E A G Mackay | 6 | — | — | 6 |
| N J Adami | 155 | — | 41,500 (41,500) 8,500 | 8,655 |
| R L Lloyd | 57,004 | — | (10,000) (10,000) | 37,004 |
| M H Simms | 10,000 | — | (10,000) | — |
| M I Wyman | 120,000 | — | — | 120,000 |
| H R Collum | — | — | — | — |
| Lord Fellowes | 1,000 | — | — | 1,000 |
| M J Levett | 40,000 | — | — | 40,000 |
| M Q Morland | 14,800 | — | — | 14,800 |
| M C Ramaphosa | — | 4,000* | — | — |
| Lord Renwick of Clifton | 2,000 | — | 2,000 | 4,000 |
| H R Slack | — | — | — | — |
| Dr C B Strauss | 200 | — | — | 200 |
| N Goaning | — | — | — | — |
| A C Parker | 17,700 | — | — | 17,700 |
| P J Manser | — | — | — | — |

*This holding remained unchanged during the year.

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Currency of financial statements

The financial statements are expressed in US dollars and SA rand.

The approximate US dollar cost of a unit of the following currencies at 31 March was:

| | 2002 | 2001 |
|--------------------|------|------|
| SA rand | 0.09 | 0.13 |
| Sterling | 1.42 | 1.43 |
| Euro | 0.87 | 0.88 |
| Swiss franc | 0.59 | 0.58 |
| Japanese yen (100) | 0.76 | 0.80 |

Statement of Directors' Responsibilities

The Companies Act, 1985, requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps

as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

In preparing the accompanying financial statements, UK generally accepted accounting principles and Financial Services Authority regulations have been followed, suitable accounting policies have been used, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the board and the effects thereof are fully explained in the financial statements.

The directors have reviewed the group's budget and cash flow forecasts. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that SAB plc is a going concern and have continued to adopt the going concern basis in preparing the financial statements. The group's external auditors, PricewaterhouseCoopers, have audited the financial statements and their unqualified report appears on page 65.

The directors' approval of the financial statements appears on page 67.

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the chairman's statement, the operating and financial review and corporate governance statement.

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

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also

includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2002 and the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.



PRICEWATERHOUSECOOPERS 

Chartered Accountants and Registered Auditors

London

17 June 2002

The maintenance and integrity of the SAB plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Profit and Loss Accounts

for the years ended 31 March

| | Notes | 2002 US\$m | 2001 Restated* US\$m | 2002 Rm | 2001 Restated Rm |
|-------------------------------------------------------------------|-------|----------------|----------------------------|-----------------|------------------------|
| Turnover | | | | | |
| (including share of associates' turnover) | 3 | 4,364 | 4,184 | 42,373 | 30,689 |
| Less: share of associates' turnover | | (647) | (560) | (6,276) | (4,105) |
| Group turnover | 3 | 3,717 | 3,624 | 36,097 | 26,584 |
| Net operating costs | 4 | (3,098) | (2,987) | (30,090) | (21,913) |
| Group operating profit | | 619 | 637 | 6,007 | 4,671 |
| Share of operating profit of associates | 3 | 85 | 63 | 828 | 461 |
| Profit on ordinary activities before interest and taxation | | 704 | 700 | 6,835 | 5,132 |
| Net interest payable | 6 | (98) | (54) | (956) | (395) |
| Group | | (83) | (43) | (810) | (313) |
| Associates | | (15) | (11) | (146) | (82) |
| Profit on ordinary activities before taxation | | 606 | 646 | 5,879 | 4,737 |
| Taxation on profit on ordinary activities | 7 | (208) | (195) | (2,021) | (1,430) |
| Profit on ordinary activities after taxation | | 398 | 451 | 3,858 | 3,307 |
| Equity minority interests | | (105) | (99) | (1,020) | (729) |
| Profit for the financial year | | 293 | 352 | 2,838 | 2,578 |
| Dividends | 10 | (187) | (174) | (1,813) | (1,279) |
| Retained profit | | 106 | 178 | 1,025 | 1,299 |
| Basic earnings per ordinary share | | | | | |
| (US/SA cents) | 11 | 40.7 | 50.4 | 395.0 | 369.8 |
| Adjusted basic earnings per ordinary share | | | | | |
| (US/SA cents) | 11 | 48.7 | 53.3 | 472.5 | 390.9 |
| Diluted earnings per ordinary share | | | | | |
| (US/SA cents) | 11 | 40.3 | 50.3 | 390.9 | 368.7 |
| Adjusted diluted earnings per ordinary share | | | | | |
| (US/SA cents) | 11 | 47.7 | 53.1 | 463.6 | 389.7 |
| Dividends per ordinary share | | | | | |
| (US cents) | | 25.0 | 25.0 | | |

*Restated for effect of deferred tax change – see note 7.

During the two years under review, the group has made a number of acquisitions and has increased its shareholdings in several subsidiaries. As disclosed in note 28, these acquisitions have been material to individual business segments, however, they have not been material to the group as a whole. All operations are continuing.

There is no material difference between the results disclosed above and those disclosable on an unmodified historical cost basis.

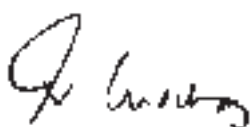
The notes on pages 70 to 113 form part of the financial statements.

| | Notes | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|--------------------------------------------------------|-------|---------------|---------------------------|------------|------------------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | 1,804 | 867 | 20,570 | 6,938 |
| Tangible assets | 13 | 1,858 | 1,784 | 21,180 | 14,268 |
| Investments | | 1,096 | 1,016 | 12,488 | 8,126 |
| Investments in associates | 14 | 462 | 364 | 5,263 | 2,912 |
| Other fixed asset investments | 15 | 634 | 652 | 7,225 | 5,214 |
| | | 4,758 | 3,667 | 54,238 | 29,332 |
| Current assets | | | | | |
| Stock | 16 | 238 | 205 | 2,714 | 1,637 |
| Debtors | 17 | 405 | 309 | 4,611 | 2,472 |
| Investments | 18 | 45 | 53 | 514 | 422 |
| Cash at bank and in hand | | 245 | 165 | 2,793 | 1,324 |
| | | 933 | 732 | 10,632 | 5,855 |
| Creditors – amounts falling due within one year | 19 | (1,160) | (1,064) | (13,217) | (8,514) |
| Net current liabilities | | (227) | (332) | (2,585) | (2,659) |
| Total assets less current liabilities | | 4,531 | 3,335 | 51,653 | 26,673 |
| Creditors – amounts falling due after one year | 20 | (1,311) | (854) | (14,950) | (6,828) |
| Provisions for liabilities and charges | 22 | (166) | (189) | (1,887) | (1,512) |
| Net assets | | 3,054 | 2,292 | 34,816 | 18,333 |
| Capital and reserves | | | | | |
| Share capital | 23 | 84 | 77 | 553 | 480 |
| Share premium | 24 | 1,371 | 1,367 | 8,494 | 8,450 |
| Revaluation and other reserves | 24 | 32 | 31 | 189 | 181 |
| Profit and loss reserve | 24 | 822 | 531 | 17,087 | 6,940 |
| Ordinary shareholders' funds | | 2,309 | 2,006 | 26,323 | 16,051 |
| Equity minority interests | | 745 | 286 | 8,493 | 2,282 |
| Capital employed | | 3,054 | 2,292 | 34,816 | 18,333 |

The balance sheets of South African Breweries plc are shown on page 114.

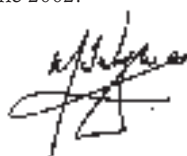
The notes on pages 70 to 113 form part of the financial statements.

The financial statements were approved by the directors on 17 June 2002.



Graham Mackay

Chief Executive



Malcolm Wyman

Chief Financial Officer

Consolidated Cash Flow Statements

for the years ended 31 March

| | Notes | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|------------------------------------------------------------------------------|--------|---------------|---------------|----------------|------------|
| Net cash inflow from operating activities | 25 | 975 | 859 | 9,463 | 6,298 |
| Dividends received from associates | | 13 | 15 | 122 | 107 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 35 | 36 | 339 | 267 |
| Interest paid | | (100) | (63) | (963) | (460) |
| Interest element of finance lease rental payments | | (12) | (13) | (120) | (95) |
| Dividends received for other investments | | 2 | 3 | 23 | 25 |
| Dividends paid to minority interests | | (96) | (71) | (935) | (524) |
| Net cash outflow from returns on investments and servicing of finance | | (171) | (108) | (1,656) | (787) |
| Taxation paid | | (179) | (179) | (1,738) | (1,310) |
| Capital expenditure and financial investments | | | | | |
| Purchase of tangible fixed assets | | (266) | (350) | (2,583) | (2,566) |
| Sale of tangible fixed assets | | 16 | 19 | 157 | 136 |
| Purchase of investments | | (61) | (15) | (589) | (110) |
| Sale of investments | | 12 | 22 | 113 | 161 |
| Net cash outflow for capital expenditure and financial investments | | (299) | (324) | (2,902) | (2,379) |
| Acquisitions and disposals | | | | | |
| Purchase of subsidiary undertakings | 28 | (672) | (4) | (6,524) | (33) |
| Sale of subsidiary undertakings | | 1 | 9 | 9 | 66 |
| Net cash disposed with subsidiary undertakings | | — | (1) | — | (5) |
| Net overdraft acquired with subsidiary undertakings | | (2) | — | (16) | — |
| Purchase of shares from minorities | 28 | (32) | (453) | (317) | (3,323) |
| Settlement of deferred creditor | 28 | — | (230) | — | (1,680) |
| Purchase of shares in associates | | (57) | (42) | (553) | (312) |
| Net funding to associates | | (6) | (38) | (58) | (278) |
| Sale of associate | | — | 59 | — | 431 |
| Net cash outflow for acquisitions and disposals | | (768) | (700) | (7,459) | (5,134) |
| Equity dividends paid to ordinary shareholders | | (173) | (177) | (1,683) | (1,300) |
| Management of liquid resources | | | | | |
| Sale of short-term liquid instruments | | 12 | 50 | 119 | 365 |
| Cash withdrawn from short-term deposits | | 7 | 14 | 69 | 106 |
| Net cash inflow from management of liquid resources | 26, 27 | 19 | 64 | 188 | 471 |
| Financing | | | | | |
| Issue of shares | | 401 | 3 | 3,901 | 23 |
| Issue of shares to minorities | | 1 | 1 | 9 | 5 |
| New loans raised | 26, 27 | 1,189 | 741 | 11,544 | 5,433 |
| Repayment of loans | 26, 27 | (892) | (254) | (8,664) | (1,860) |
| Net cash inflow from financing | | 699 | 491 | 6,790 | 3,601 |
| Increase/(decrease) in cash in the year | 26, 27 | 116 | (59) | 1,125 | (433) |

Consolidated Statements of Total Recognised Gains and Losses for the years ended 31 March

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|-------------------------------------------------------------------------|---------------|---------------------------|--------------|------------------------|
| Profit for the financial year | 293 | 352 | 2,838 | 2,578 |
| Currency translation differences on foreign currency net investments | (212) | (226) | 5,271 | 1,404 |
| Share of movement in reserves of associates | — | 1 | (4) | 6 |
| Other movements | 8 | (7) | 79 | (46) |
| Total recognised gains and losses for the year | 89 | 120 | 8,184 | 3,942 |

Consolidated Reconciliation of Movements in Shareholders' Funds for the years ended 31 March

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|-----------------------------------------------------------------|---------------|---------------------------|---------------|------------------------|
| Profit for the financial year | 293 | 352 | 2,838 | 2,578 |
| Other recognised gains and losses relating to the year (net) | (204) | (232) | 5,346 | 1,364 |
| Dividends declared by SAB plc* | (187) | (174) | (1,813) | (1,279) |
| Issue of shares to SAB shareholders | 401 | 3 | 3,901 | 23 |
| Net increase/(decrease) in shareholders' funds | 303 | (51) | 10,272 | 2,686 |
| Shareholders' funds at start of year | 2,006 | 2,057 | 16,051 | 13,365 |
| Shareholders' funds at start of year as previously reported | 2,006 | 2,161 | 16,051 | 14,042 |
| Prior year adjustment in respect of deferred taxation | — | (104) | — | (677) |
| Shareholders' funds at end of year | 2,309 | 2,006 | 26,323 | 16,051 |

*Dividend received on shares held by Safari Ltd netted off.

The amount of cumulative goodwill in respect of purchased subsidiary and associated undertakings which has been set off against shareholders' funds prior to 31 March 1998 was US\$151 million (R1,718 million) at 31 March 2002 (2001: US\$172 million (R1,375 million)).

Notes to the Consolidated Financial Statements

1. Basis of preparation

The consolidated financial statements present the financial record for the years ended 31 March 2002 and 31 March 2001.

Financial information in respect of South African businesses are reported in South African rand as this was the dominant functional currency of The South African Breweries Ltd (SAB Ltd) group prior to its reconstruction and listing on the London Stock Exchange on 8 March 1999. The subsidiary and associated undertakings that comprise the SAB International businesses operate in the local currency of the country in which they are based. From a functional perspective, the group regards these operations as being US dollar-based as the transactions of these entities are, insofar as is possible, evaluated in US dollars. In management accounting terms these companies report in US dollars.

The directors of the company regard the US dollar as the functional currency of the group, being the most representative currency of its operations. However, as a result of the large number of South African shareholders, the consolidated financial statements continue to be presented in both rand and US dollars. The exchange rates of rand to US dollars used in preparing the consolidated financial statements were as follows:

| | Weighted average rate | Closing rate |
|--------------------------|--------------------------|-----------------|
| Year ended 31 March 2001 | 7.34 | 8.00 |
| Year ended 31 March 2002 | 9.71 | 11.40 |

The weighted average exchange rates have been calculated based on an average of the exchange rates prevailing at each month end during the relevant year and weighted according to the turnover of the group's businesses.

Safari Ltd

On 27 September 1999, it was announced that SAB would purchase 10% of its own shares via a special purpose vehicle (Safari Ltd) established and financed by South African Breweries International (Finance) BV, a wholly owned overseas subsidiary of SAB. The purchase by Safari Ltd was at an initial price of R44.05 per share representing a total cost of R3,408 million (US\$560 million). In terms of the agreement, a top up payment of R5.95 per share, representing a total cost of R460 million (US\$58 million) was made to the selling shareholders on 3 April 2001. SAB shares acquired by Safari Ltd remain in issue and provide additional flexibility in the financing of future acquisitions by the SAB group.

Change in accounting policy

In December 2000 the Accounting Standards Board published Financial Reporting Standard (FRS) 19 – 'Deferred tax' – which requires a form of 'full' provision for accounting for deferred tax (called the 'incremental liability' approach) that replaces the 'partial' provision method as used by SAB plc. The results reflect the adoption of the 'full' provision approach. The cumulative cost of recognising the unprovided liability relating to previous years has been recognised in the accounts as a prior year adjustment and comparative figures for 2001 have been

restated. The effect of this change in accounting policy is as follows:

| | Year ended 31 March 2001 US\$m | Year ended 31 March 2001 Rm |
|--------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|
| Increase in deferred taxation provision and decrease in shareholders' funds at start of the year | (104) | (677) |
| Effect on profit for the financial year | (7) | (57) |
| Increase in tax charge | (9) | (64) |
| Decrease in equity minority interest | 2 | 7 |
| Decrease/(increase) in currency translation differences | 19 | (6) |
| Increase in other movements | (2) | (10) |
| Decrease in shareholders' funds at end of year | (94) | (750) |

2. Accounting policies

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention in accordance with accounting standards applicable in the United Kingdom. A summary of the more important group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of a new accounting standard in the year.

Change in accounting policy

FRS 18 – 'Accounting policies' – has been adopted in the current year but this did not require any change in accounting policy. The group has adopted FRS 19 – 'Deferred tax' – in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

Changes in accounting presentation

Segmental analyses have been expanded to report SABI in accordance with the basis on which the businesses are managed. The 2001 SABI numbers have been expanded to report SABI Europe and SABI Africa and Asia as separate segments. The recently acquired Central American businesses are disclosed in the 2002 numbers as the third SABI segment, namely SABI Central America.

Future UK accounting developments

FRS 17 – 'Retirement benefits' – will be fully implemented by the year ending 31 March 2004. The disclosures as required by FRS 17 in the current year, which give an indication of the possible impact on the financial statements when fully implemented, are set out in note 33 on page 110.

1. Basis of preparation

The consolidated financial statements present the financial record for the years ended 31 March 2002 and 31 March 2001.

Financial information in respect of South African businesses are reported in South African rand as this was the dominant functional currency of The South African Breweries Ltd (SAB Ltd) group prior to its reconstruction and listing on the London Stock Exchange on 8 March 1999. The subsidiary and associated undertakings that comprise the SAB International businesses operate in the local currency of the country in which they are based. From a functional perspective, the group regards these operations as being US dollar-based as the transactions of these entities are, insofar as is possible, evaluated in US dollars. In management accounting terms these companies report in US dollars.

The directors of the company regard the US dollar as the functional currency of the group, being the most representative currency of its operations. However, as a result of the large number of South African shareholders, the consolidated financial statements continue to be presented in both rand and US dollars. The exchange rates of rand to US dollars used in preparing the consolidated financial statements were as follows:

| | Weighted average rate | Closing rate |
|--------------------------|--------------------------|-----------------|
| Year ended 31 March 2001 | 7.34 | 8.00 |
| Year ended 31 March 2002 | 9.71 | 11.40 |

The weighted average exchange rates have been calculated based on an average of the exchange rates prevailing at each month end during the relevant year and weighted according to the turnover of the group's businesses.

Safari Ltd

On 27 September 1999, it was announced that SAB would purchase 10% of its own shares via a special purpose vehicle (Safari Ltd) established and financed by South African Breweries International (Finance) BV, a wholly owned overseas subsidiary of SAB. The purchase by Safari Ltd was at an initial price of R44.05 per share representing a total cost of R3,408 million (US\$560 million). In terms of the agreement, a top up payment of R5.95 per share, representing a total cost of R460 million (US\$58 million) was made to the selling shareholders on 3 April 2001. SAB shares acquired by Safari Ltd remain in issue and provide additional flexibility in the financing of future acquisitions by the SAB group.

Change in accounting policy

In December 2000 the Accounting Standards Board published Financial Reporting Standard (FRS) 19 – 'Deferred tax' – which requires a form of 'full' provision for accounting for deferred tax (called the 'incremental liability' approach) that replaces the 'partial' provision method as used by SAB plc. The results reflect the adoption of the 'full' provision approach. The cumulative cost of recognising the unprovided liability relating to previous years has been recognised in the accounts as a prior year adjustment and comparative figures for 2001 have been

restated. The effect of this change in accounting policy is as follows:

| | Year ended 31 March 2001 US\$m | Year ended 31 March 2001 Rm |
|--------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|
| Increase in deferred taxation provision and decrease in shareholders' funds at start of the year | (104) | (677) |
| Effect on profit for the financial year | (7) | (57) |
| Increase in tax charge | (9) | (64) |
| Decrease in equity minority interest | 2 | 7 |
| Decrease/(increase) in currency translation differences | 19 | (6) |
| Increase in other movements | (2) | (10) |
| Decrease in shareholders' funds at end of year | (94) | (750) |

2. Accounting policies

Accounting convention

The consolidated financial statements have been prepared under the historical cost convention in accordance with accounting standards applicable in the United Kingdom. A summary of the more important group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of a new accounting standard in the year.

Change in accounting policy

FRS 18 – 'Accounting policies' – has been adopted in the current year but this did not require any change in accounting policy. The group has adopted FRS 19 – 'Deferred tax' – in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

Changes in accounting presentation

Segmental analyses have been expanded to report SABI in accordance with the basis on which the businesses are managed. The 2001 SABI numbers have been expanded to report SABI Europe and SABI Africa and Asia as separate segments. The recently acquired Central American businesses are disclosed in the 2002 numbers as the third SABI segment, namely SABI Central America.

Future UK accounting developments

FRS 17 – 'Retirement benefits' – will be fully implemented by the year ending 31 March 2004. The disclosures as required by FRS 17 in the current year, which give an indication of the possible impact on the financial statements when fully implemented, are set out in note 33 on page 110.

2. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial information of the subsidiary and associated undertakings of the relevant businesses owned by SAB plc, as outlined in note 1. The results of subsidiary undertakings sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passed or in the case of associated undertakings, the date significant influence ceased or commenced.

Where the group's interest in subsidiary undertakings is less than 100%, the share attributable to outside shareholders is reflected in minority interests.

Some of the SABI businesses have a local statutory accounting reference date of 31 December, but since 31 March 1999 these have been consolidated in the financial statements on a basis coterminous with the group's accounting reference date.

In addition the associated undertaking, Distell Group Ltd (formerly Distillers Corporation (SA) Ltd and Stellenbosch Farmer's Winery Group Ltd) has a statutory accounting reference date of 30 June. In respect of the year ended 31 March 2002, this company has been included based on financial statements drawn up to 31 December 2001, but taking into account any changes in the subsequent period from 1 January 2002 to 31 March 2002 that would materially affect the view given. In respect of the year ended 31 March 2001, Sun International Inc. which has a statutory accounting date of 31 December, has been included up to the disposal date of 30 June 2000, and Distell Group Ltd has been included up to 31 December 2000, but taking into account any changes in the subsequent period from 1 January 2001 to 31 March 2001 that would materially affect the view given.

Acquisitions and disposals

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets and 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.

Where the fair value of the consideration paid exceeds the fair value of the identifiable separable assets and liabilities acquired, the difference is treated as purchased goodwill. Where the fair value of the separable net assets acquired exceeds the fair value of the consideration given, the difference is treated as negative goodwill. Both purchased and negative goodwill are accounted for as indicated below.

On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the gross amount of any related goodwill to the extent that it has not previously been taken to the consolidated profit and loss account.

Associated undertakings

An associated undertaking is an entity, other than a subsidiary undertaking, in which the group has a long-term interest of not less than 20% and in respect of which the group exercises a significant influence over the operational and financial policies. The results of associated undertakings have been accounted for using the equity method of accounting.

Goodwill arising on the acquisition of an associated undertaking is accounted for as indicated below.

Goodwill

The consolidated financial statements adopt the provisions of FRS 10 – 'Goodwill and intangible assets' – which was effective for financial accounting periods ending on or after 23 December 1998. Prior to 31 March 1998, purchased and negative goodwill was set off directly against shareholders' funds in the acquisition period. This adjustment will be charged or credited in the profit and loss account on subsequent disposal of the businesses to which they relate. In respect of years subsequent to 31 March 1998, the purchased goodwill that arose has been capitalised.

The Companies Act, 1985, requires that capitalised goodwill be subject normally to systematic amortisation. In the case of goodwill which is regarded as having a limited useful economic life, the group's accounting policy is to amortise the goodwill through the consolidated profit and loss account over the directors' estimate of the useful life, being twenty years for the goodwill that has arisen to date. The directors' assessment of the useful life of this goodwill is based on the nature of the business acquired, the durability of the products to which the goodwill attaches and the expected future impact of competition on the business.

Where goodwill is regarded as having an indefinite useful life, the directors believe that the policy of not providing amortisation, until any permanent impairment is identified, is necessary in order that the consolidated financial statements show a true and fair view. The directors undertake an annual impairment review of the carrying value and useful economic life of such goodwill and any amortisation or provision for permanent impairment would be charged against the profit for the period in which the impairment arose. Goodwill previously written off against shareholders' funds is not subjected to an annual impairment review and any impairment arising would therefore only be recognised upon disposal of the undertaking which originally gave rise to such goodwill.

Trademarks

The fair value of businesses acquired includes trademarks which are recognised in the balance sheet where the trademark has a value which is long-term. Acquired trademarks are only recognised where title is clear, the trademark could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable.

2. Accounting policies *(continued)***Trademarks** *(continued)*

Where the acquired trademark is seen as having a finite useful economic life, it is subject to amortisation, which in respect of trademarks currently held is ten years, being the period for which the group has exclusive rights to those trademarks.

Turnover

Turnover represents the net invoice value of goods and services provided to third parties. It includes excise duties and taxes levied on casino winnings but excludes value added tax.

Stocks

Stocks are valued 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 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.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off in the period in which it is incurred.

Tangible fixed assets and depreciation

Land and buildings, which have been adapted to specialised functions, are recorded at historical cost. All other land and buildings, which are used for general purposes, were previously revalued every three years on the basis of open market value for existing use by recognised professional valuers. On adoption of FRS 15 – 'Tangible fixed assets' – in a prior year, the group resolved to retain the book value of land and buildings which were revalued at 1 April 1998, but not to adopt a policy of revaluation in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11 – 'Impairment of fixed assets and goodwill'. All buildings are depreciated as indicated below.

No depreciation is provided on freehold land. In respect of all other tangible fixed assets depreciation is provided on a straight-line basis at rates calculated to write off the cost or valuation, less the estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

| | |
|------------------------------------------|---------------------------------------|
| Freehold buildings | 20 – 50 years |
| Leasehold land and buildings | Shorter of the lease term or 20 years |
| Plant, vehicles and systems | 3 – 10 years |
| Containers, including returnable bottles | 18 months – 6 years |

The group regularly reviews its depreciation rates 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.

Profit or loss on the sale of a property is the difference between the disposal proceeds and the net book value, including any revaluation, of the asset. Any amount in the revaluation reserve relating to such an asset is transferred directly to shareholders' funds and is not included in the profit for the financial year.

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 pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of fixed assets are written down by any impairment amount, the loss is recognised in the profit and loss account in the period in which 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 producing 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.

Investments

Fixed asset investments, other than subsidiary and associated undertakings, are stated individually at the lower of cost and their recoverable amount which is determined as the higher of net realisable value and value in use.

Current asset investments are valued at the lower of cost and net realisable value. In determining net realisable values, market values are used in the case of listed investments and directors' estimates used in the case of unlisted investments.

Capitalisation of interest and other costs

Financing costs and certain direct costs incurred, before tax, on major capital projects during the period of development or construction are capitalised up to the time of completion of the project.

2. Accounting policies (continued)

Deposits by customers

Bottles and containers in circulation are recorded within fixed assets and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for branded returnable bottles and containers are reflected in the balance sheet under creditors due within one year. Any estimated liability that is anticipated may arise in respect of deposits for unbranded containers and bottles is shown in provisions for liabilities and charges.

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 recognised 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 tax is measured at the average 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.

On adoption of FRS 19 – 'Deferred tax' – the group has changed its accounting policy in respect of deferred taxation, and restated prior year results accordingly.

Foreign currencies

The financial statements denominated in US dollars have been prepared on the basis that transactions in foreign currencies are recorded in US dollars at the rate of exchange ruling at the date of the transaction or at the contracted rate where the transaction is covered by a forward foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract

rate. All differences are taken to the consolidated profit and loss account with the exception of differences on long-term foreign currency instruments, to the extent that they are used to finance or provide a hedge against foreign equity investments, in which case they are taken directly to shareholders' funds together with any exchange difference on the carrying amount of the related asset.

The profit and loss accounts and cash flow statements of overseas subsidiary and associated undertakings are translated at weighted average rates of exchange for the relevant reporting period, other than material exceptional items which are translated at the rate on the date of the transaction and assets (including goodwill) and liabilities are translated at exchange rates prevailing at the relevant balance sheet date.

The financial statements denominated in rand have been prepared on the basis that the US dollar denominated profit and loss accounts and cash flow statements have been translated at the weighted average rand/US dollar exchange rate for the relevant reporting period. In respect of the balance sheet, the US dollar denominated assets and liabilities have been translated at the relevant rand/US dollar exchange rate ruling at the balance sheet date.

Exchange differences arising on the retranslation of opening net assets together with differences between profit and loss accounts translated at average and closing rates, are shown as a movement in shareholders' funds and in the consolidated statements of total recognised gains and losses.

Leasing commitments

Assets held under finance leases which result in group companies receiving substantially all the risks and rewards of ownership are capitalised as tangible fixed assets and depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet classified, as appropriate, as a creditor due within or after one year. The interest element of the rental obligations is charged to the consolidated profit and loss account over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting year.

Rentals paid on operating leases are charged to the consolidated profit and loss account on a straight-line basis over the lease term.

Pensions

A number of defined contribution and defined benefit pension schemes are operated by the group in accordance with local regulations. The assets of each scheme are held separately from those of the group and are administered by trustees.

2. Accounting policies *(continued)***Pensions** *(continued)*

Contributions to the defined benefit schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the consolidated profit and loss account are treated as either provisions or prepayments in the balance sheet.

Contributions to defined contribution schemes are expensed as incurred.

Post-retirement medical benefits

Certain group companies provide post-retirement medical 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. The estimated cost of providing such benefits is charged to the consolidated profit and loss account on a systematic basis over the employees' working lives within the group.

Capital instruments

Capital instruments, other than equity shares, are classified as liabilities if they contain an obligation to transfer economic benefits and otherwise are included in shareholders' funds. The finance costs recognised in the consolidated profit and loss account in respect of capital instruments other than equity shares are allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Provisions

A provision is 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.

Financial instruments

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 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. When these criteria no longer apply, a financial asset or liability is no longer recognised.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the group intends to settle on a net basis, the relevant financial assets and liabilities are offset.

Interest costs are charged against income in the year in which they are incurred. 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 taken to net interest payable over the life of the instrument.

Where the fair value of an asset falls below its carrying value, any difference is, in the case of fixed assets, provided for if it is regarded that impairment exists. In the case of current assets, provision is only made to the extent that it is considered as resulting in a lower net realisable value.

Derivative financial instruments

The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps, forward rate agreements and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies.

Interest rate differentials under swap arrangements and forward rate agreements used to manage interest rate exposures are recognised by adjustment to net interest payable. Premiums or discounts arising on the purchase of derivative instruments are amortised over the shorter of the life of the instrument and the underlying exposure.

Currency swap agreements and forward foreign exchange contracts are valued at closing rates of exchange. Resulting gains and losses are offset against foreign exchange gains or losses on the related borrowings or, where the instrument is used to hedge a committed future transaction, are deferred until the transaction occurs and shown within debtors or creditors as appropriate.

Where the instrument ceases to meet the criteria of being a hedge transaction or the underlying exposure which it is hedging is sold, matures or is extinguished, then the instrument is valued at the appropriate market rate, after having taken account of selling costs. Any resultant gains and losses are reflected in operating income in the consolidated 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.

3. Segmental analysis

| | Note | Turnover | | Operating profit | | EBITA | |
|--------------------------------------------|------|---------------|---------------|------------------|---------------|---------------|---------------|
| | | 2002 US\$m | 2001 US\$m | 2002 US\$m | 2001 US\$m | 2002 US\$m | 2001 US\$m |
| Business segment analysis | | | | | | | |
| SABI Europe | | 1,280 | 1,097 | 168 | 130 | 198 | 148 |
| SABI Africa and Asia | | 946 | 700 | 162 | 130 | 171 | 132 |
| Associates' share | | (367) | (206) | (51) | (23) | (54) | (23) |
| | | 579 | 494 | 111 | 107 | 117 | 109 |
| SABI Central America | | 186 | — | 7 | — | 22 | — |
| Beer South Africa | | 1,112 | 1,365 | 287 | 343 | 287 | 343 |
| Other Beverage Interests | | 676 | 816 | 95 | 106 | 95 | 106 |
| Associates' share | | (212) | (264) | (19) | (24) | (19) | (24) |
| | | 464 | 552 | 76 | 82 | 76 | 82 |
| Hotels and Gaming | | 164 | 206 | 28 | 25 | 28 | 25 |
| Associates' share | | (68) | (90) | (15) | (16) | (15) | (16) |
| | | 96 | 116 | 13 | 9 | 13 | 9 |
| Central Administration | | — | — | (35) | (34) | (35) | (34) |
| Group – excluding exceptional items | | 4,364 | 4,184 | 712 | 700 | 766 | 720 |
| Associates' share | | (647) | (560) | (85) | (63) | (88) | (63) |
| | | 3,717 | 3,624 | 627 | 637 | 678 | 657 |
| Exceptional items | 5 | — | — | (8) | — | (8) | — |
| SABI Europe | | — | — | (8) | — | (8) | — |
| Group – including exceptional items | | 4,364 | 4,184 | 704 | 700 | 758 | 720 |
| Associates' share | | (647) | (560) | (85) | (63) | (88) | (63) |
| | | 3,717 | 3,624 | 619 | 637 | 670 | 657 |
| Geographical market analysis | | | | | | | |
| Europe | | 1,280 | 1,097 | 139 | 104 | 170 | 121 |
| Rest of Africa and Asia | | 967 | 710 | 169 | 136 | 177 | 139 |
| Associates' share | | (367) | (206) | (51) | (23) | (54) | (23) |
| | | 600 | 504 | 118 | 113 | 123 | 116 |
| Central America | | 186 | — | 7 | — | 22 | — |
| South Africa | | 1,931 | 2,377 | 397 | 460 | 397 | 460 |
| Associates' share | | (280) | (354) | (34) | (40) | (34) | (40) |
| | | 1,651 | 2,023 | 363 | 420 | 363 | 420 |
| Exceptional items | 5 | — | — | (8) | — | (8) | — |
| Europe | | — | — | (8) | — | (8) | — |
| Group – including exceptional items | | 4,364 | 4,184 | 704 | 700 | 758 | 720 |
| Associates' share | | (647) | (560) | (85) | (63) | (88) | (63) |
| | | 3,717 | 3,624 | 619 | 637 | 670 | 657 |

Analyses by business are based on the group's management structure. There is no material difference between the source and destination of turnover. Turnover between segments is immaterial.

3. *Segmental analysis (continued)*

| | Note | Net operating assets | | EBITDA | | Capital expenditure | |
|--------------------------------------------|------|----------------------|---------------------------|---------------|---------------|---------------------|---------------|
| | | 2002 US\$m | 2001 Restated US\$m | 2002 US\$m | 2001 US\$m | 2002 US\$m | 2001 US\$m |
| Business segment analysis | | | | | | | |
| SABI Europe | | 1,253 | 1,091 | 293 | 226 | 130 | 138 |
| SABI Africa and Asia | | 728 | 472 | 151 | 149 | 39 | 46 |
| Associates' share | | (306) | (162) | — | — | — | — |
| | | 422 | 310 | 151 | 149 | 39 | 46 |
| SABI Central America | | 1,135 | — | 41 | — | 12 | — |
| Beer South Africa | | 263 | 415 | 343 | 408 | 47 | 114 |
| Other Beverage Interests | | 355 | 520 | 89 | 94 | 23 | 24 |
| Associates' share | | (74) | (103) | — | — | — | — |
| | | 281 | 417 | 89 | 94 | 23 | 24 |
| Hotels and Gaming | | 140 | 159 | 21 | 14 | 13 | 25 |
| Associates' share | | (82) | (100) | — | — | — | — |
| | | 58 | 59 | 21 | 14 | 13 | 25 |
| Central Administration | | (193) | (148) | (33) | (37) | 2 | 3 |
| Group – excluding exceptional items | | 3,681 | 2,509 | 905 | 854 | 266 | 350 |
| Associates' share | | (462) | (365) | — | — | — | — |
| | | 3,219 | 2,144 | 905 | 854 | 266 | 350 |
| Exceptional items | 5 | — | — | (1) | — | — | — |
| SABI Europe | | — | — | (1) | — | — | — |
| Group – including exceptional items | | 3,681 | 2,509 | 904 | 854 | 266 | 350 |
| Associates' share | | (462) | (365) | — | — | — | — |
| | | 3,219 | 2,144 | 904 | 854 | 266 | 350 |
| Geographical market analysis | | | | | | | |
| Europe | | 1,078 | 959 | 267 | 200 | 132 | 140 |
| Rest of Africa and Asia | | 762 | 498 | 157 | 154 | 51 | 62 |
| Associates' share | | (306) | (162) | — | — | — | — |
| | | 456 | 336 | 157 | 154 | 51 | 62 |
| Central America | | 1,135 | — | 41 | — | 12 | — |
| South Africa | | 706 | 1,052 | 440 | 500 | 71 | 148 |
| Associates' share | | (156) | (203) | — | — | — | — |
| | | 550 | 849 | 440 | 500 | 71 | 148 |
| Exceptional items | 5 | — | — | (1) | — | — | — |
| Europe | | — | — | (1) | — | — | — |
| Group – including exceptional items | | 3,681 | 2,509 | 904 | 854 | 266 | 350 |
| Associates' share | | (462) | (365) | — | — | — | — |
| | | 3,219 | 2,144 | 904 | 854 | 266 | 350 |

3. *Segmental analysis (continued)*

| | Turnover | | Operating profit | | EBITA | |
|--------------------------------------------|----------------|---------|------------------|-------|--------------|-------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Note | Rm | Rm | Rm | Rm | Rm | Rm |
| Business segment analysis | | | | | | |
| SABI Europe | 12,432 | 8,045 | 1,631 | 958 | 1,926 | 1,083 |
| SABI Africa and Asia | 9,180 | 5,135 | 1,579 | 951 | 1,658 | 970 |
| Associates' share | (3,564) | (1,508) | (493) | (171) | (519) | (171) |
| | 5,616 | 3,627 | 1,086 | 780 | 1,139 | 799 |
| SABI Central America | 1,809 | — | 64 | — | 215 | — |
| Beer South Africa | 10,797 | 10,014 | 2,785 | 2,520 | 2,785 | 2,520 |
| Other Beverage Interests | 6,565 | 5,986 | 920 | 774 | 920 | 774 |
| Associates' share | (2,053) | (1,935) | (186) | (176) | (186) | (176) |
| | 4,512 | 4,051 | 734 | 598 | 734 | 598 |
| Hotels and Gaming | 1,590 | 1,509 | 276 | 180 | 276 | 180 |
| Associates' share | (659) | (662) | (149) | (114) | (149) | (114) |
| | 931 | 847 | 127 | 66 | 127 | 66 |
| Central Administration | — | — | (338) | (251) | (338) | (251) |
| Group – excluding exceptional items | 42,373 | 30,689 | 6,917 | 5,132 | 7,442 | 5,276 |
| Associates' share | (6,276) | (4,105) | (828) | (461) | (854) | (461) |
| | 36,097 | 26,584 | 6,089 | 4,671 | 6,588 | 4,815 |
| Exceptional items | | | | | | |
| SABI Europe | — | — | (82) | — | (82) | — |
| Group – including exceptional items | 42,373 | 30,689 | 6,835 | 5,132 | 7,360 | 5,276 |
| Associates' share | (6,276) | (4,105) | (828) | (461) | (854) | (461) |
| | 36,097 | 26,584 | 6,007 | 4,671 | 6,506 | 4,815 |
| Geographical market analysis | | | | | | |
| Europe | 12,432 | 8,045 | 1,356 | 759 | 1,651 | 885 |
| Rest of Africa and Asia | 9,385 | 5,207 | 1,637 | 1,003 | 1,716 | 1,021 |
| Associates' share | (3,564) | (1,508) | (493) | (171) | (519) | (171) |
| | 5,821 | 3,699 | 1,144 | 832 | 1,197 | 850 |
| Central America | 1,809 | — | 64 | — | 215 | — |
| South Africa | 18,747 | 17,437 | 3,860 | 3,370 | 3,860 | 3,370 |
| Associates' share | (2,712) | (2,597) | (335) | (290) | (335) | (290) |
| | 16,035 | 14,840 | 3,525 | 3,080 | 3,525 | 3,080 |
| Exceptional items | | | | | | |
| Europe | — | — | (82) | — | (82) | — |
| Group – including exceptional items | 42,373 | 30,689 | 6,835 | 5,132 | 7,360 | 5,276 |
| Associates' share | (6,276) | (4,105) | (828) | (461) | (854) | (461) |
| | 36,097 | 26,584 | 6,007 | 4,671 | 6,506 | 4,815 |

Analyses by business are based on the group's management structure. There is no material difference between the source and destination of turnover. Turnover between segments is immaterial.

3. *Segmental analysis (continued)*

| | Note | Net operating assets | | EBITDA | | Capital expenditure | |
|--------------------------------------------|------|----------------------|------------------------|--------------|------------|---------------------|------------|
| | | 2002 Rm | 2001 Restated Rm | 2002 Rm | 2001 Rm | 2002 Rm | 2001 Rm |
| Business segment analysis | | | | | | | |
| SABI Europe | | 14,281 | 8,726 | 2,847 | 1,654 | 1,264 | 1,014 |
| SABI Africa and Asia | | 8,297 | 3,771 | 1,467 | 1,096 | 379 | 336 |
| Associates' share | | (3,492) | (1,302) | — | — | — | — |
| | | 4,805 | 2,469 | 1,467 | 1,096 | 379 | 336 |
| SABI Central America | | 12,942 | — | 392 | — | 115 | — |
| Beer South Africa | | 2,998 | 3,327 | 3,333 | 2,992 | 453 | 838 |
| Other Beverage Interests | | 4,043 | 4,155 | 868 | 688 | 220 | 178 |
| Associates' share | | (848) | (821) | — | — | — | — |
| | | 3,195 | 3,334 | 868 | 688 | 220 | 178 |
| Hotels and Gaming | | 1,602 | 1,275 | 206 | 99 | 131 | 181 |
| Associates' share | | (931) | (799) | — | — | — | — |
| | | 671 | 476 | 206 | 99 | 131 | 181 |
| Central Administration | | (2,204) | (1,182) | (326) | (268) | 21 | 19 |
| Group – excluding exceptional items | | 41,959 | 20,072 | 8,787 | 6,261 | 2,583 | 2,566 |
| Associates' share | | (5,271) | (2,922) | — | — | — | — |
| | | 36,688 | 17,150 | 8,787 | 6,261 | 2,583 | 2,566 |
| Exceptional items | 5 | — | — | (9) | — | — | — |
| SABI Europe | | — | — | (9) | — | — | — |
| Group – including exceptional items | | 41,959 | 20,072 | 8,778 | 6,261 | 2,583 | 2,566 |
| Associates' share | | (5,271) | (2,922) | — | — | — | — |
| | | 36,688 | 17,150 | 8,778 | 6,261 | 2,583 | 2,566 |
| Geographical market analysis | | | | | | | |
| Europe | | 12,284 | 7,669 | 2,594 | 1,471 | 1,284 | 1,032 |
| Rest of Africa and Asia | | 8,681 | 3,985 | 1,527 | 1,132 | 496 | 451 |
| Associates' share | | (3,492) | (1,302) | — | — | — | — |
| | | 5,189 | 2,683 | 1,527 | 1,132 | 496 | 451 |
| Central America | | 12,942 | — | 392 | — | 115 | — |
| South Africa | | 8,052 | 8,418 | 4,274 | 3,658 | 688 | 1,083 |
| Associates' share | | (1,779) | (1,620) | — | — | — | — |
| | | 6,273 | 6,798 | 4,274 | 3,658 | 688 | 1,083 |
| Exceptional items | 5 | — | — | (9) | — | — | — |
| Europe | | — | — | (9) | — | — | — |
| Group – including exceptional items | | 41,959 | 20,072 | 8,778 | 6,261 | 2,583 | 2,566 |
| Associates' share | | (5,271) | (2,922) | — | — | — | — |
| | | 36,688 | 17,150 | 8,778 | 6,261 | 2,583 | 2,566 |

3. Segmental analysis *(continued)*

The analyses of turnover, operating profit and net operating assets by business segment include the following amounts in respect of acquisitions made within the SAB Europe, SAB Africa and Asia and SAB Central America business segments:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-----------------------------|---------------|---------------|------------|------------|
| Turnover | | | | |
| SAB Europe | 8 | — | 77 | — |
| SAB Africa and Asia | 224 | — | 2,171 | 1 |
| Associates' share | (139) | — | (1,345) | — |
| | 85 | — | 826 | 1 |
| SAB Central America | 186 | — | 1,809 | — |
| Group | 418 | — | 4,057 | 1 |
| Associates' share | (139) | — | (1,345) | — |
| | 279 | — | 2,712 | 1 |
| Operating profit | | | | |
| SAB Europe | — | — | (3) | — |
| SAB Africa and Asia | 42 | — | 407 | (3) |
| Associates' share | (35) | — | (338) | — |
| | 7 | — | 69 | (3) |
| SAB Central America | 7 | — | 64 | — |
| Group | 49 | — | 468 | (3) |
| Associates' share | (35) | — | (338) | — |
| | 14 | — | 130 | (3) |
| Net operating assets | | | | |
| SAB Europe | 3 | — | 31 | — |
| SAB Africa and Asia | 160 | 1 | 1,827 | 5 |
| Associates' share | (91) | — | (1,040) | — |
| | 69 | 1 | 787 | 5 |
| SAB Central America | 1,135 | — | 12,942 | — |
| Group | 1,298 | 1 | 14,800 | 5 |
| Associates' share | (91) | — | (1,040) | — |
| | 1,207 | 1 | 13,760 | 5 |

The following is a reconciliation of operating profit to EBITA for the group:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|------------------------------------------------------------|---------------|---------------|------------|------------|
| Group operating profit | 619 | 637 | 6,007 | 4,671 |
| Shares of operating profit of associates | 85 | 63 | 828 | 461 |
| Profit on ordinary activities before interest and taxation | 704 | 700 | 6,835 | 5,132 |
| Goodwill amortisation (subsidiaries) | 50 | 19 | 487 | 140 |
| Goodwill amortisation on investments in associates | 1 | 1 | 12 | 4 |
| Share of goodwill amortisation of associates | 3 | — | 26 | — |
| Group EBITA | 758 | 720 | 7,360 | 5,276 |

The following is a reconciliation of net assets to net operating assets for the group:

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|--------------------------------------------------|---------------|---------------------------|------------|------------------------|
| Net assets shown in the balance sheet | 3,054 | 2,292 | 34,816 | 18,333 |
| Safari shares | (618) | (618) | (7,047) | (4,944) |
| Exclude interest bearing assets and liabilities: | | | | |
| current asset investments | (45) | (53) | (514) | (422) |
| cash at bank and in hand | (245) | (165) | (2,793) | (1,324) |
| borrowings falling due within one year | 240 | 206 | 2,736 | 1,651 |
| borrowings falling due after one year | 1,295 | 847 | 14,761 | 6,778 |
| Net operating assets as per segmental analysis | 3,681 | 2,509 | 41,959 | 20,072 |

4. Net operating costs

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------------------------------------------------|---------------|---------------|---------------|------------|
| Raw materials and consumable stores | 1,096 | 983 | 10,642 | 7,208 |
| Changes in stock of finished goods and work in progress | (6) | (9) | (57) | (68) |
| Excise duties | 686 | 684 | 6,664 | 5,021 |
| Employee costs | 439 | 426 | 4,263 | 3,128 |
| Depreciation of tangible assets: | | | | |
| owned assets | 170 | 160 | 1,655 | 1,171 |
| leased assets | 6 | 7 | 54 | 52 |
| Container amortisation | 34 | 34 | 330 | 249 |
| Container breakages and shrinkage | 10 | 11 | 100 | 78 |
| Amortisation of intangible assets | 51 | 20 | 499 | 147 |
| Other operating income | (78) | (57) | (760) | (414) |
| Other operating charges | 682 | 727 | 6,618 | 5,338 |
| Brewery closure costs in Pitesti (Romania) | 9 | — | 88 | — |
| Asset impairment provision in Ursus (Romania) | 10 | — | 102 | — |
| Reversal of asset impairment provision in Velke Popovice (Czech) | (11) | — | (108) | — |
| Impairment of Monyaka | — | 6 | — | 41 |
| Profit on disposal of Sun International | — | (5) | — | (38) |
| | 3,098 | 2,987 | 30,090 | 21,913 |

Net operating costs are stated after charging/(crediting) the following:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------------------|---------------|---------------|------------|------------|
| Operating lease rentals: | | | | |
| land and buildings | 13 | 13 | 127 | 99 |
| plant, vehicles and systems | 4 | 5 | 43 | 36 |
| Research and development expenditure written off | — | — | 1 | 1 |
| Profit on sale of fixed assets | (3) | (6) | (28) | (47) |

The following fees were paid to a number of different accounting firms as auditors of various parts of the group:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------|---------------|---------------|------------|------------|
| Group auditors | | | | |
| Auditors' remuneration for audit services | 3 | 3 | 29 | 20 |
| Auditors' remuneration for other services | 7 | 7 | 69 | 52 |
| | 10 | 10 | 98 | 72 |
| Other auditors | | | | |
| Auditors' remuneration for audit services | — | — | 4 | 3 |
| Auditors' remuneration for other services | — | — | 1 | 2 |
| | — | — | 5 | 5 |

The group auditors' remuneration for non-audit services of US\$7 million (R69 million) (2001: US\$7 million (R52 million)) represents remuneration for tax services of US\$3 million (R27 million) (2001: US\$2 million (R15 million)), IT consulting services of US\$2 million (R16 million) (2001: US\$3 million (R22 million)) and due diligence, advisory and other audit related services of US\$2 million (R26 million) (2001: US\$2 million (R15 million)).

The audit fee of South African Breweries plc for the year ended 31 March 2002 amounted to US\$0.5 million (R4.8 million) (2001: US\$0.4 million (R2.8 million)).

5. Exceptional items

The following exceptional items were incurred by the group during the years ended 31 March:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|------------------------------------------------------------------|---------------|---------------|------------|------------|
| Recognised in operating profit: | | | | |
| SABI Europe | | | | |
| Brewery closure costs in Pitesti (Romania) | (9) | — | (88) | — |
| Asset impairment provision in Ursus (Romania) | (10) | — | (102) | — |
| Reversal of asset impairment provision in Velke Popovice (Czech) | 11 | — | 108 | — |
| | (8) | — | (82) | — |
| Minority interests' share of the above items | 1 | — | 6 | — |

Following SAB's recent acquisition of Bere Timisoreana, an operating review resulted in management announcing, in March 2002, the rationalisation of the Pitesti brewery and a fair value adjustment/impairment of the Ursus brewery, ahead of merging the two legal entities. Closure costs and asset impairment total US\$19 million (R190 million).

The PU group (Czech) has reversed an impairment provision of US\$11 million (R108 million) in respect of Velke Popovice, made at the date of acquisition. The reversal has been occasioned by more resilient than expected volumes, and therefore improved capacity utilisation, at the brewery following national integration of the three subsidiaries in the country.

6. Net interest payable

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------------------------------------------|---------------|---------------|------------|------------|
| Interest payable on bank loans and overdrafts | 90 | 64 | 873 | 471 |
| Finance charges payable under finance leases and hire purchase contracts | 12 | 13 | 119 | 95 |
| Interest payable on corporate bond | 16 | 4 | 155 | 27 |
| Amortisation of bond costs | 3 | — | 25 | — |
| Other interest payable | — | 1 | 1 | 7 |
| Total interest and similar charges payable | 121 | 82 | 1,173 | 600 |
| Less: amounts capitalised | — | (4) | (3) | (31) |
| Interest payable | 121 | 78 | 1,170 | 569 |
| Share of associates' financing costs | 15 | 11 | 146 | 82 |
| Interest receivable | (38) | (35) | (360) | (256) |
| | 98 | 54 | 956 | 395 |

7. Taxation on profit on ordinary activities

| | 2002 | 2001 | 2002 | 2001 |
|---------------------------------------------------------------------------|--------------|-------------------|--------------|----------------|
| | US\$m | Restated US\$m | Rm | Restated Rm |
| Current taxation | 173 | 167 | 1,679 | 1,229 |
| Charge for the year | 174 | 159 | 1,690 | 1,169 |
| (Over)/underprovision in respect of prior year | (1) | 8 | (11) | 60 |
| Withholding taxes and secondary taxation on companies | 10 | 10 | 105 | 75 |
| Share of associates' taxation charge | 21 | 13 | 201 | 93 |
| Total current taxation | 204 | 190 | 1,985 | 1,397 |
| Deferred taxation | 4 | 5 | 36 | 33 |
| Charge for the year | 3 | 5 | 26 | 33 |
| Charge for the prior year | 1 | — | 13 | — |
| Rate change | — | — | (3) | — |
| | 208 | 195 | 2,021 | 1,430 |
| Effective tax rate before goodwill amortisation and exceptional items (%) | 31.2 | 29.3 | | |

Tax rate reconciliation

| | 2002 | 2001 | 2002 | 2001 |
|-------------------------------------------------------|--------------|-------------------|--------------|----------------|
| | US\$m | Restated US\$m | Rm | Restated Rm |
| Profit before taxation | 606 | 646 | 5,879 | 4,737 |
| Tax charge at standard rate of 30%* | 182 | 194 | 1,764 | 1,421 |
| Exempt income | (18) | (20) | (176) | (148) |
| Other incentive allowances | (8) | (16) | (79) | (123) |
| Tax losses utilised | (5) | (9) | (56) | (66) |
| Goodwill amortisation | 14 | 5 | 139 | 39 |
| Disallowable expenses | 20 | 29 | 195 | 213 |
| Tax losses created | 16 | 7 | 156 | 52 |
| Withholding taxes and secondary taxation on companies | 10 | 10 | 105 | 75 |
| Foreign tax rate differential | (10) | (17) | (98) | (128) |
| Charges relating to prior years | — | 8 | 2 | 60 |
| Tax on gross dividends received | 6 | 177 | 63 | 1,301 |
| Double tax relief | (6) | (172) | (63) | (1,260) |
| Other reconciling items | 7 | (1) | 69 | (6) |
| Timing differences | (4) | (5) | (36) | (33) |
| Total current tax charge | 204 | 190 | 1,985 | 1,397 |

*The corporate tax rate in the United Kingdom, SAB plc's country of primary listing, is 30% (2001: 30%).

8. Employee costs

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|----------------------------------------------|---------------|---------------|--------------|------------|
| Wages and salaries | 378 | 370 | 3,670 | 2,718 |
| Social security costs | 34 | 34 | 331 | 248 |
| Other pension costs | 21 | 18 | 204 | 136 |
| Post-retirement benefits other than pensions | 6 | 4 | 58 | 26 |
| | 439 | 426 | 4,263 | 3,128 |

The average monthly number of employees, which excludes employees of associated undertakings and includes executive directors, was as follows:

| | 2002 | 2001 |
|--------------------------|---------------|--------|
| SABI Europe | 9,247 | 9,253 |
| SABI Africa and Asia | 6,882 | 6,197 |
| SABI Central America* | 2,197 | — |
| Beer South Africa | 5,739 | 6,567 |
| Other Beverage Interests | 4,934 | 5,068 |
| Hotels and Gaming | 4,120 | 4,130 |
| Central Administration | 111 | 112 |
| Group | 33,230 | 31,327 |

*Based on four months. Annualised equivalents 6,590.

Part-time employees are included in the above analysis on the basis of their full-time equivalents.

Except for certain of the company's directors and administration staff, all of the above employees work outside of the United Kingdom.

9. Directors' remuneration

| | 2002 US\$000 | 2001 US\$000 | 2002 R000 | 2001 R000 |
|---------------------------------------------------------|-----------------|-----------------|--------------|--------------|
| Aggregate emoluments | 4,882 | 4,440 | 47,404 | 32,566 |
| Aggregate gains made on exercise of share options | 106 | 901 | 1,029 | 6,609 |
| Company contributions to money purchase pension schemes | 335 | 311 | 3,253 | 2,281 |

As at 31 March 2002 six directors (2001: five) had retirement benefits accruing under money purchase pension schemes.

Full details of individual directors' remuneration are given in the directors' remuneration report.

10. Dividends

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|------------|
| Equity – Ordinary | | | | |
| Interim paid: US 6.5 cents (SA 63.1 cents) (2001: US 6.5 cents (SA 47.7 cents)) per ordinary share | 45 | 45 | 441 | 333 |
| Final proposed: US 18.5 cents (SA 179.6 cents) (2001: US 18.5 cents (SA 135.7 cents)) per ordinary share | 142 | 129 | 1,372 | 946 |
| | 187 | 174 | 1,813 | 1,279 |

Dividends amounting to US\$19 million (R188 million) (2001: US\$19 million (R142 million)) in respect of the company's shares held by Safari Ltd have been deducted in arriving at the aggregate of dividends paid and proposed.

11. Earnings per share

| | 2002 | 2001 | 2002 | 2001 |
|----------------------------------------------|-----------------|----------------------|-----------------|----------------------|
| | US cents | Restated US cents | SA cents | Restated SA cents |
| Basic earnings per ordinary share | 40.7 | 50.4 | 395.0 | 369.8 |
| Adjusted basic earnings per ordinary share | 48.7 | 53.3 | 472.5 | 390.9 |
| Diluted earnings per ordinary share | 40.3 | 50.3 | 390.9 | 368.7 |
| Adjusted diluted earnings per ordinary share | 47.7 | 53.1 | 463.6 | 389.7 |

The calculation of basic earnings per ordinary share has been based on the profit for the financial year as shown below, and on a weighted average number of shares in issue of 718,504,170 (2001: 697,115,210).

At 31 March 2002 there were 10,085,000 share options outstanding under the RSA Executive Share Purchase Scheme, 3,646,278 share options outstanding under the SAB plc Executive Share Option Schemes (Approved Scheme and Unapproved (No 2) Scheme combined) and 687,384 conditional awards under the Performance Share Award Scheme, which have not yet vested. The calculation of diluted earnings per share is based on: a weighted average number of shares in issue of 766,644,698, after adjusting for 48,140,528 weighted potentially dilutive ordinary shares arising from the share options and the guaranteed convertible bond, and the profit for the financial year as shown below, adjusted for an interest saving of US\$16 million, on the 4.25% guaranteed convertible bond. The average share price of SAB plc since the beginning of the financial year, used in determining the number of potentially dilutive ordinary shares, is US\$6.67, compared with an average strike price on the outstanding options of US\$4.84.

The group has also presented an adjusted earnings per share figure to exclude the impact of amortisation and other non-recurring items in order to present a more meaningful comparison for the years shown in the consolidated financial statements. Adjusted earnings per share has been based on adjusted headline earnings for each financial year and on the same number of weighted average ordinary shares in issue as the basic earnings per share calculation. Headline earnings per share has been calculated in accordance with the Institute of Investment Management and Research ('IIMR')s Statement of Investment Practice No. 1 entitled 'The Definition of Headline Earnings'. The adjustments made to arrive at headline earnings and adjusted earnings are as follows:

| | 2002 | 2001 | 2002 | 2001 |
|------------------------------------------------------------|--------------|-------|--------------|-------|
| | US\$m | US\$m | Rm | Rm |
| Profit for the financial year | 293 | 352 | 2,838 | 2,578 |
| Amortisation of goodwill | 54 | 20 | 525 | 144 |
| Brewery closure costs in Pitesti (Romania) | 9 | — | 88 | — |
| Asset impairment provision in Ursus (Romania) | 10 | — | 102 | — |
| Reversal of impairment provision in Velke Popovice (Czech) | (11) | — | (108) | — |
| Impairment costs in Africa | 2 | — | 19 | — |
| Monyaka impairment | — | 6 | — | 41 |
| Profit on sale of Sun International | — | (5) | — | (38) |
| Profit on sale of fixed assets and investments | (4) | (2) | (35) | (12) |
| Tax effects of the above items | — | (2) | (5) | (9) |
| Minority interests' share of the above items | (7) | — | (72) | (1) |
| Headline earnings (basic) | 346 | 369 | 3,352 | 2,703 |
| Reorganisation costs* | 7 | 4 | 64 | 30 |
| Tax effects of the above items | (2) | (1) | (16) | (7) |
| Minority interests' share of the above items | (1) | — | (5) | — |
| Adjusted earnings | 350 | 372 | 3,395 | 2,726 |

*Comprises reorganisation costs of Distell Group Ltd and SABI Central America in the current year.

12. Intangible assets

| | Trademarks US\$m | Goodwill US\$m | Total US\$m | Trademarks Rm | Goodwill Rm | Total Rm |
|---------------------------------------------------------|---------------------|-------------------|----------------|------------------|----------------|---------------|
| Cost | | | | | | |
| At 31 March 2000 | 8 | 611 | 619 | 49 | 3,996 | 4,045 |
| Exchange adjustments | — | (75) | (75) | 9 | 537 | 546 |
| Additions | — | — | — | 1 | — | 1 |
| Arising on increase in share of subsidiary undertakings | — | 343 | 343 | — | 2,513 | 2,513 |
| Arising on acquisition of subsidiary undertakings | — | 4 | 4 | — | 29 | 29 |
| Arising on disposal of subsidiary undertakings | — | — | — | — | (2) | (2) |
| Arising on equity loan conversion | — | 4 | 4 | — | 32 | 32 |
| Hindsight adjustment | (1) | 4 | 3 | (7) | 29 | 22 |
| At 31 March 2001 | 7 | 891 | 898 | 52 | 7,134 | 7,186 |
| Exchange adjustments | (2) | (38) | (40) | 3 | 4,338 | 4,341 |
| Additions | 1 | — | 1 | 5 | — | 5 |
| Arising on increase in share of subsidiary undertakings | — | 10 | 10 | — | 98 | 98 |
| Arising on acquisition of subsidiary undertakings | — | 1,016 | 1,016 | — | 9,866 | 9,866 |
| At 31 March 2002 | 6 | 1,879 | 1,885 | 60 | 21,436 | 21,496 |
| Amortisation | | | | | | |
| At 31 March 2000 | 4 | 7 | 11 | 26 | 48 | 74 |
| Amortised during the year | 1 | 19 | 20 | 3 | 140 | 143 |
| Exchange adjustments | — | — | — | 7 | 24 | 31 |
| At 31 March 2001 | 5 | 26 | 31 | 36 | 212 | 248 |
| Amortised during the year | — | 50 | 50 | — | 487 | 487 |
| Exchange adjustments | — | — | — | 16 | 175 | 191 |
| At 31 March 2002 | 5 | 76 | 81 | 52 | 874 | 926 |
| Net book amount | | | | | | |
| At 31 March 2001 | 2 | 865 | 867 | 16 | 6,922 | 6,938 |
| At 31 March 2002 | 1 | 1,803 | 1,804 | 8 | 20,562 | 20,570 |

The goodwill balance of US\$1,803 million (R20,562 million) at the end of the year includes US\$1,026 million (R9,964 million) due to acquisition activities. Operations acquired in Central America resulted in US\$930 million (R9,031 million) new goodwill and other acquisitions within the Europe and Africa and Asia segments added a further US\$96 million (R933 million).

Goodwill arising from the acquisitions in SABI is being amortised over 20 years. The directors believe that the purchased goodwill in respect of the further acquisition of equity in ABI has an indefinite life. This is consistent with the treatment of goodwill that arose on the acquisition of Suncrush, which was acquired on 8 June 1998. The directors consider the goodwill to be supported by the existence of bottlers' agreements with Coca-Cola (Southern Africa) (Proprietary) Ltd (CCSA). ABI has similar bottlers' agreements in respect of other regions within South Africa. These bottlers' agreements, which are based on the Coca-Cola system, establish performance obligations as to production, distribution and marketing arrangements to maximise long-term growth in volume, cash flow and shareholder value of the bottler company. The Coca-Cola system came into being during 1899 and has had a consistent history of growth and success since that date.

The Suncrush agreements with CCSA were established in 1955 and have been in place since then. The current agreements are for a period of ten years, with an extension of five years, expiring on 30 September 2007 and contain provisions for renewal at no cost. ABI has had similar agreements since 1976 and they have always been renewed prior to expiry. In the view of the directors, the bottlers' agreements reflect a long and ongoing relationship between the respective managements of ABI and CCSA.

The directors have given due consideration to financial forecasts in respect of the ABI business, the history of dealings of ABI with CCSA and the established international practice of The Coca-Cola Company in relation to its bottlers' agreements. In light of the above factors, the directors believe that the Suncrush agreements will continue to be renewed at the end of their legal expiry dates and the commercial value of the Coca-Cola product will be maintained. Accordingly, the directors are of the view that the goodwill of US\$165 million (R1,879 million) (2001: US\$235 million (R1,879 million)), as underpinned by the bottlers' agreements, currently has an indefinite economic life. The directors have performed a review for impairment at 31 March 2002 and are of the opinion that no provision is required.

The amount of cumulative goodwill in respect of purchased subsidiary and associated undertakings which has been set off against shareholders' funds prior to 31 March 1998 was US\$151 million (R1,718 million) at 31 March 2002 (2001: US\$172 million (R1,375 million)).

13. Tangible assets

| | Assets in course of construction US\$m | Land and buildings US\$m | Plant, vehicles and systems US\$m | Containers US\$m | Total US\$m |
|---------------------------------------------------------------|-------------------------------------------------|--------------------------------|--------------------------------------------|---------------------|----------------|
| Cost or valuation | | | | | |
| At 31 March 2000 | 84 | 666 | 1,908 | 409 | 3,067 |
| Exchange adjustments | (8) | (75) | (248) | (56) | (387) |
| Additions | 216 | 23 | 67 | 37 | 343 |
| Transfer from/(to) other assets | 1 | 2 | (1) | — | 2 |
| Arising on acquisition of subsidiary undertakings | — | 1 | 1 | — | 2 |
| Arising on disposal of subsidiary undertaking | — | (2) | (13) | — | (15) |
| Disposals | — | (4) | (41) | (7) | (52) |
| Deposit price increase | — | — | — | 3 | 3 |
| Breakages and shrinkage | — | — | — | (11) | (11) |
| Transfers | (196) | (1) | 180 | 17 | — |
| Write offs | — | (3) | (15) | (2) | (20) |
| At 31 March 2001 | 97 | 607 | 1,838 | 390 | 2,932 |
| Exchange adjustments | (9) | (80) | (294) | (64) | (447) |
| Additions | 147 | 21 | 63 | 33 | 264 |
| Transfer (to)/from other assets | (6) | 1 | 7 | — | 2 |
| Arising on acquisition of subsidiary undertakings | 18 | 83 | 293 | 88 | 482 |
| Disposals | — | (14) | (37) | (6) | (57) |
| Deposit price increase | — | — | — | 6 | 6 |
| Breakages and shrinkage | — | — | — | (10) | (10) |
| Transfers | (158) | 8 | 132 | 18 | — |
| Write offs | — | (4) | (5) | (3) | (12) |
| Brewery closure costs in Pitesti (Romania) | — | (3) | (7) | — | (10) |
| Impairment provision in Ursus (Romania) | — | (5) | (8) | (3) | (16) |
| Reversal of impairment provision in Velke Popovice (Czech) | — | 11 | 21 | — | 32 |
| At 31 March 2002 | 89 | 625 | 2,003 | 449 | 3,166 |
| Depreciation | | | | | |
| At 31 March 2000 | — | 109 | 855 | 190 | 1,154 |
| Exchange adjustments | — | (12) | (121) | (23) | (156) |
| Provided during the period | — | 15 | 152 | 34 | 201 |
| Disposals | — | (1) | (34) | (3) | (38) |
| Arising on disposal of subsidiary undertaking | — | (1) | (7) | — | (8) |
| Transfers | — | (3) | 3 | — | — |
| Write offs | — | — | (5) | — | (5) |
| At 31 March 2001 | — | 107 | 843 | 198 | 1,148 |
| Exchange adjustments | — | (14) | (133) | (31) | (178) |
| Provided during the period | — | 17 | 159 | 34 | 210 |
| Disposals | — | (5) | (33) | (2) | (40) |
| Arising on acquisition of subsidiary undertakings | — | 11 | 126 | 24 | 161 |
| Transfers | — | 6 | (6) | — | — |
| Write offs | — | — | (5) | (1) | (6) |
| Brewery closure costs in Pitesti (Romania) | — | (1) | (1) | — | (2) |
| Impairment provision in Ursus (Romania) | — | (1) | (3) | (2) | (6) |
| Reversal of impairment provision in Velke Popovice (Czech) | — | 4 | 17 | — | 21 |
| At 31 March 2002 | — | 124 | 964 | 220 | 1,308 |
| Net book amount | | | | | |
| At 31 March 2001 | 97 | 500 | 995 | 192 | 1,784 |
| At 31 March 2002 | 89 | 501 | 1,039 | 229 | 1,858 |

13. Tangible assets (continued)

| | Assets in course of construction Rm | Land and buildings Rm | Plant, vehicles and systems Rm | Containers Rm | Total Rm |
|---------------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------------------------------|------------------|---------------|
| Cost or valuation | | | | | |
| At 31 March 2000 | 556 | 4,346 | 12,460 | 2,665 | 20,027 |
| Exchange adjustments | 71 | 402 | 937 | 180 | 1,590 |
| Additions | 1,583 | 168 | 488 | 272 | 2,511 |
| Transfers from/(to) other assets | 5 | 11 | (8) | 2 | 10 |
| Arising on acquisition of subsidiary undertakings | — | 4 | 7 | — | 11 |
| Arising on disposal of subsidiary undertaking | — | (18) | (92) | — | (110) |
| Disposals | — | (30) | (300) | (51) | (381) |
| Deposit price increase | — | — | — | 24 | 24 |
| Breakages and shrinkage | — | — | — | (78) | (78) |
| Transfers | (1,439) | (5) | 1,317 | 127 | — |
| Write offs | — | (20) | (108) | (18) | (146) |
| At 31 March 2001 | 776 | 4,858 | 14,701 | 3,123 | 23,458 |
| Exchange adjustments | 233 | 1,319 | 3,669 | 804 | 6,025 |
| Additions | 1,428 | 201 | 616 | 317 | 2,562 |
| Transfer (to)/from other assets | (59) | 8 | 68 | — | 17 |
| Arising on acquisition of subsidiary undertakings | 172 | 810 | 2,849 | 852 | 4,683 |
| Disposals | (2) | (135) | (362) | (59) | (558) |
| Deposit price increase | — | — | — | 59 | 59 |
| Breakages and shrinkage | — | — | — | (100) | (100) |
| Transfers | (1,533) | 75 | 1,283 | 175 | — |
| Write offs | — | (32) | (49) | (26) | (107) |
| Brewery closure costs in Pitesti (Romania) | (4) | (27) | (64) | — | (95) |
| Impairment provision in Ursus (Romania) | — | (49) | (80) | (30) | (159) |
| Reversal of impairment provision in Velke Popovice (Czech) | — | 103 | 205 | — | 308 |
| At 31 March 2002 | 1,011 | 7,131 | 22,836 | 5,115 | 36,093 |
| Depreciation | | | | | |
| At 31 March 2000 | — | 711 | 5,581 | 1,240 | 7,532 |
| Exchange adjustments | — | 75 | 365 | 120 | 560 |
| Provided during the period | — | 107 | 1,116 | 249 | 1,472 |
| Disposals | — | (10) | (248) | (21) | (279) |
| Arising on disposal of subsidiary undertakings | — | (3) | (56) | — | (59) |
| Transfers | — | (21) | 21 | — | — |
| Write offs | — | — | (36) | — | (36) |
| At 31 March 2001 | — | 859 | 6,743 | 1,588 | 9,190 |
| Exchange adjustments | — | 251 | 1,779 | 412 | 2,442 |
| Provided during the period | — | 167 | 1,542 | 330 | 2,039 |
| Disposals | — | (49) | (311) | (26) | (386) |
| Arising on acquisition of subsidiary undertakings | — | 111 | 1,223 | 234 | 1,568 |
| Transfers | — | 56 | (56) | — | — |
| Write offs | — | (10) | (42) | (15) | (67) |
| Brewery closure costs in Pitesti (Romania) | — | (4) | (12) | — | (16) |
| Impairment provision in Ursus (Romania) | — | (7) | (34) | (16) | (57) |
| Reversal of impairment provision in Velke Popovice (Czech) | — | 36 | 164 | — | 200 |
| At 31 March 2002 | — | 1,410 | 10,996 | 2,507 | 14,913 |
| Net book amount | | | | | |
| At 31 March 2001 | 776 | 3,999 | 7,958 | 1,535 | 14,268 |
| At 31 March 2002 | 1,011 | 5,721 | 11,840 | 2,608 | 21,180 |

13. Tangible assets (continued)

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------------------------|----------------------|---------------|-------------------|------------|
| Freehold | 406 | 420 | 4,632 | 3,358 |
| Long leaseholds (over 50 years unexpired) | 18 | 13 | 207 | 107 |
| Short leaseholds (under 50 years unexpired) | 77 | 67 | 882 | 534 |
| | 501 | 500 | 5,721 | 3,999 |

Included in land and buildings is a total of US\$39 million (R446 million) (2001: US\$56 million (R447 million)) of freehold land which is not depreciated.

The group adopted FRS 15 – ‘Tangible fixed assets’ – and in the year ended 31 March 2001 followed the transitional provisions to retain the book value of land and buildings.

The group’s general purpose properties were revalued at 1 April 1998 on the basis of open market value for existing use by independent qualified valuers. The valuations were undertaken in accordance with the manual of the Royal Institute of Chartered Surveyors in the United Kingdom and the South African Institute of Valuers. The book values of these properties were adjusted to their valuations during the relevant financial period and the resultant net surpluses or deficits credited to the revaluation reserve. No provision is made for any tax on capital gains which may arise on the disposal of the group’s properties at their balance sheet amounts.

The comparable amounts under the historical cost convention for the freehold land and general purpose buildings are:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------|----------------------|---------------|-------------------|------------|
| Historical cost | 360 | 581 | 4,101 | 4,651 |
| Aggregate depreciation based on cost | (56) | (101) | (630) | (810) |
| Net book amount | 304 | 480 | 3,471 | 3,841 |

Included in the amounts for plant, vehicles and systems are the following amounts relating to assets held under finance leases:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|------------------------|----------------------|---------------|-------------------|------------|
| Cost | 63 | 78 | 716 | 622 |
| Aggregate depreciation | (33) | (32) | (375) | (259) |
| Net book amount | 30 | 46 | 341 | 363 |

Included in the amounts for plant, vehicles and systems are the following amounts in respect of interest capitalised:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-----------------------------|----------------------|---------------|-------------------|------------|
| At beginning of year | 15 | 14 | 124 | 92 |
| Capitalised during the year | — | 4 | 4 | 31 |
| Exchange adjustments | (5) | (3) | (10) | 1 |
| At end of year | 10 | 15 | 118 | 124 |

14. Investments in associates

| | Investments Restated US\$m | Loans US\$m | Total Restated US\$m | Investments Restated Rm | Loans Rm | Total Restated Rm |
|-------------------------------------------------------|----------------------------------|----------------|----------------------------|-------------------------------|-------------|-------------------------|
| At 31 March 2000 | 361 | 19 | 380 | 2,357 | 123 | 2,480 |
| Prior year adjustment in respect of deferred taxation | (1) | — | (1) | (9) | — | (9) |
| Exchange adjustments | (53) | (7) | (60) | 105 | 2 | 107 |
| Additions | 42 | 38 | 80 | 312 | 278 | 590 |
| Disposals | (50) | (3) | (53) | (369) | (20) | (389) |
| Share of retained profit after tax in the year | 24 | — | 24 | 176 | — | 176 |
| Goodwill amortised | (1) | — | (1) | (4) | — | (4) |
| Impairment of Monyaka | — | (5) | (5) | — | (35) | (35) |
| Transfers | (6) | 6 | — | (43) | 43 | — |
| Transfer to current assets | — | (1) | (1) | — | (10) | (10) |
| Share of reserve movements in the year | 1 | — | 1 | 6 | — | 6 |
| At 31 March 2001 | 317 | 47 | 364 | 2,531 | 381 | 2,912 |
| Exchange adjustments | (61) | (15) | (76) | 666 | — | 666 |
| Additions | 136 | 7 | 143 | 1,324 | 60 | 1,384 |
| Disposals | (5) | — | (5) | (42) | (2) | (44) |
| Share of retained profit after tax in the year | 37 | — | 37 | 358 | — | 358 |
| Goodwill amortised | (1) | — | (1) | (12) | — | (12) |
| Transfer from current assets | — | — | — | — | 2 | 2 |
| Share of reserve movements in the year | — | — | — | (3) | — | (3) |
| At 31 March 2002 | 423 | 39 | 462 | 4,822 | 441 | 5,263 |

The analysis of associated undertakings between listed and unlisted investments is shown below:

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|--------------------------|---------------|---------------------------|--------------|------------------------|
| At carrying value | | | | |
| Listed | 61 | 95 | 700 | 759 |
| Unlisted | 362 | 222 | 4,122 | 1,772 |
| | 423 | 317 | 4,822 | 2,531 |
| At market value | | | | |
| Listed | 107 | 99 | 1,225 | 791 |

The group's aggregate share of certain balance sheet captions of its associated undertakings for the years ended 31 March were as follows:

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|-------------------------------------------------|---------------|---------------------------|----------------|------------------------|
| Fixed assets | 455 | 393 | 5,190 | 3,143 |
| Current assets | 215 | 171 | 2,448 | 1,365 |
| | 670 | 564 | 7,638 | 4,508 |
| Creditors – amounts falling due within one year | (164) | (134) | (1,863) | (1,072) |
| Creditors – amounts falling due after one year | (101) | (114) | (1,154) | (913) |
| | (265) | (248) | (3,017) | (1,985) |
| Net assets | 405 | 316 | 4,621 | 2,523 |

The above is reconciled to the carrying value of investments in associated undertakings as follows:

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|---------------------------|---------------|---------------------------|--------------|------------------------|
| Net assets | 405 | 316 | 4,621 | 2,523 |
| Equity minority interest | (27) | (11) | (307) | (92) |
| Goodwill capitalised | 45 | 12 | 508 | 100 |
| Investments in associates | 423 | 317 | 4,822 | 2,531 |

15. Other fixed asset investments

| | Investments US\$m | Loans US\$m | Total US\$m | Investments Rm | Loans Rm | Total Rm |
|---------------------------------------------------|----------------------|----------------|----------------|-------------------|-------------|--------------|
| At 31 March 2000 | 598 | 11 | 609 | 3,899 | 79 | 3,978 |
| Exchange adjustments | (5) | (2) | (7) | 875 | (2) | 873 |
| Additions | 61 | 12 | 73 | 445 | 87 | 532 |
| Disposals | (16) | (5) | (21) | (117) | (39) | (156) |
| Provisions for diminution in value | (1) | — | (1) | (6) | — | (6) |
| Transfer to short-term investments | — | (1) | (1) | — | (6) | (6) |
| At 31 March 2001 | 637 | 15 | 652 | 5,096 | 119 | 5,215 |
| Exchange adjustments | (3) | (3) | (6) | 2,115 | 5 | 2,120 |
| Additions | — | — | — | 3 | 2 | 5 |
| Disposals | (9) | (3) | (12) | (82) | (29) | (111) |
| Arising on acquisition of subsidiary undertakings | 1 | — | 1 | 6 | — | 6 |
| Provisions for diminution in value | — | — | — | (3) | — | (3) |
| Amortisation of employee benefit trust costs | (1) | — | (1) | (7) | — | (7) |
| At 31 March 2002 | 625 | 9 | 634 | 7,128 | 97 | 7,225 |

In the financial year ended 31 March 2000, Safari Ltd (a special purpose vehicle established and financed by a wholly-owned subsidiary of SAB plc) acquired 77,368,338 SAB plc shares at an initial price of R44.05 per share. In terms of the agreement, a top-up payment of R5.95 per share, representing a total cost of R460 million (US\$58 million) was accrued for at 31 March 2001 and paid to the Bevcon shareholders on 3 April 2001. The carrying value and market value of these shares at 31 March 2002 was US\$618 million (R7,047 million) and US\$533 million (R6,081 million) respectively (2001: US\$618 million (R4,944 million) and US\$508 million (R4,062 million)).

Apart from the shares housed within Safari Ltd, all amounts included above are unlisted investments except for Edgars Consolidated Stores Ltd which is carried at a nominal value, and has a market value at 31 March 2002 attributable to SAB plc of US\$24 million (R270 million) (2001: US\$29 million (R236 million)), and a further 322,626 (2001: 322,626) own shares held which had a carrying value of US\$nil (R5 million) (2001: US\$2 million (R15 million)) and a market value at 31 March 2002 of US\$2 million (R26 million) (2001: US\$2 million (R17 million)). The interest in own shares represents shares held by the employee benefit trusts, for the purposes of the various executive share incentive schemes, further details of which are disclosed in the report on directors' remuneration. The shares currently rank *pari passu* with all other ordinary shares.

16. Stock

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------|---------------|---------------|--------------|------------|
| Raw materials and consumable stores | 128 | 96 | 1,464 | 769 |
| Work in progress | 33 | 31 | 376 | 244 |
| Finished goods and goods for resale | 77 | 78 | 874 | 624 |
| | 238 | 205 | 2,714 | 1,637 |

There is no material difference between the replacement cost and book value of stock.

17. Debtors

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|----------------------------------------------|---------------|---------------|--------------|--------------|
| Trade debtors | 250 | 183 | 2,852 | 1,464 |
| Proceeds receivable on disposal of associate | 1 | 3 | 11 | 28 |
| Amounts owed by associates: | | | | |
| trade | 7 | 9 | 78 | 70 |
| other loans | 1 | 1 | 8 | 10 |
| VAT, tax and other Government receivables | 23 | 14 | 266 | 113 |
| Deferred tax | 5 | — | 56 | — |
| Other debtors | 35 | 30 | 403 | 238 |
| Staff and other loans | 17 | 14 | 199 | 110 |
| Prepayments and accrued income | 66 | 55 | 738 | 439 |
| | 405 | 309 | 4,611 | 2,472 |

18. Current asset investments

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|----------------------------------------------|---------------|---------------|------------|------------|
| Short-term bank deposits | 44 | 52 | 502 | 416 |
| Short-term portion of fixed asset investment | 1 | 1 | 12 | 6 |
| | 45 | 53 | 514 | 422 |

19. Creditors – amounts falling due within one year

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------|---------------|---------------|---------------|--------------|
| Short-term borrowings | 164 | 99 | 1,872 | 798 |
| Bank overdrafts | 62 | 86 | 709 | 685 |
| Obligations under finance lease and hire purchase contracts | 14 | 21 | 155 | 168 |
| Interest bearing borrowings | 240 | 206 | 2,736 | 1,651 |
| Trade creditors | 176 | 126 | 2,009 | 1,005 |
| Accruals and deferred income | 186 | 171 | 2,114 | 1,368 |
| Containers in the hands of customers | 107 | 99 | 1,213 | 795 |
| Payroll related creditors | 49 | 29 | 554 | 233 |
| Deferred consideration for acquisitions | 1 | 21 | 12 | 172 |
| Amounts owed to associates | 22 | 8 | 254 | 61 |
| Dividends payable to SAB plc shareholders | 141 | 129 | 1,610 | 1,032 |
| Dividends payable to external minorities | 34 | 29 | 389 | 228 |
| Corporate taxation | 72 | 71 | 817 | 567 |
| Excise duty payable | 63 | 60 | 720 | 476 |
| Value added tax payable | 29 | 21 | 333 | 172 |
| Bevcon shareholders (see note 15) | — | 58 | — | 460 |
| Other creditors | 40 | 36 | 456 | 294 |
| | 1,160 | 1,064 | 13,217 | 8,514 |

Included in the payroll related creditors is a balance of US\$11 million (R128 million) (2001: US\$9 million (R75 million)) as a result of the contribution holiday in the South African Breweries Staff Provident Fund.

20. Creditors – amounts falling due after one year

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------|---------------|---------------|---------------|--------------|
| Long-term borrowings | 1,265 | 777 | 14,416 | 6,219 |
| Obligations under finance lease and hire purchase contracts | 30 | 70 | 345 | 559 |
| Interest bearing borrowings | 1,295 | 847 | 14,761 | 6,778 |
| Other creditors | 16 | 7 | 189 | 50 |
| | 1,311 | 854 | 14,950 | 6,828 |

21. Borrowings

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------|---------------|---------------|---------------|--------------|
| US\$328 million 8.06% Private Bond Placing | 328 | — | 3,737 | — |
| Other unsecured bank loans | 505 | 879 | 5,753 | 7,033 |
| Other loans | | | | |
| US\$600 million 4.25% guaranteed convertible bonds 2006* | 586 | — | 6,682 | — |
| Unsecured debentures and loan stock | — | 35 | — | 284 |
| Other unsecured loans | 2 | — | 25 | 4 |
| Secured debentures and loan stock | 4 | 8 | 47 | 60 |
| Other secured loans | 66 | 40 | 753 | 321 |
| | 1,491 | 962 | 16,997 | 7,702 |
| Obligations under finance lease and hire purchase contracts | 44 | 91 | 500 | 727 |
| | 1,535 | 1,053 | 17,497 | 8,429 |
| Included in amounts falling due within one year | (240) | (206) | (2,736) | (1,651) |
| | 1,295 | 847 | 14,761 | 6,778 |
| Amounts falling due: | | | | |
| Between one and two years | 269 | 171 | 3,068 | 1,374 |
| Between two and five years | 695 | 668 | 7,925 | 5,342 |
| In five years or more | 331 | 8 | 3,768 | 62 |
| Included within amounts falling due after one year | 1,295 | 847 | 14,761 | 6,778 |

The maturity of obligations under finance lease and hire purchase contracts is as follows:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------|---------------|---------------|------------|------------|
| Between one and five years | 30 | 70 | 343 | 557 |
| After five years | — | — | 2 | 2 |
| Included in amounts falling due after one year | 30 | 70 | 345 | 559 |
| Included in amounts falling due within one year | 14 | 21 | 155 | 168 |
| Obligations under finance lease and hire purchase contracts | 44 | 91 | 500 | 727 |

Borrowings are secured by various of the group's fixed assets which had an aggregate net book value as follows:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------|---------------|---------------|------------|------------|
| Aggregate net book values | 120 | 270 | 1,365 | 2,162 |

* On 10 August 2001 and 14 September 2001, SAB Finance (Cayman Islands) Ltd issued US\$500 million and US\$100 million, respectively, 4.25% Guaranteed Convertible Bonds (the "SAB Bonds") due 2006 guaranteed by SAB and SABIFin each of which is convertible into 4.25% exchangeable redeemable preference shares of SAB Finance (Cayman Islands) Ltd at any time on or after 20 October 2001 and up to the close of business on the date falling seven London business days prior to 10 August 2006 (both days inclusive) or if the SAB Bonds are called for redemption, by SAB, prior to 10 August 2006, the seventh London working day before the date fixed for such redemption. The bonds are redeemable at the option of bondholders within 60 days after notice is given of an offer to all ordinary shareholders or on 10 August 2005.

Each US\$1,000 principal amount of a SAB Bond is convertible into one preference share having paid-up value of US\$1,000. The preference shares will, in SAB's absolute discretion, and in each case at their paid-up value (translated into pounds sterling at the fixed rate of US\$1.41 = £1.00), be either immediately exchanged upon issuance for, or immediately redeemed with the redemption proceeds being immediately applied to subscribe for and/or to purchase ordinary shares at a price of 615 pence per ordinary share, which is subject to adjustment. Subject to the foregoing, 115,3203 ordinary shares will be issued or transferred in respect of each US\$1,000 principal amount of a SAB Bond.

22. Provisions for liabilities and charges

| | Demerged entities | Post- retirement benefits | Other | Deferred taxation Restated | Total Restated |
|-------------------------------------------------------|----------------------|---------------------------------|-----------|----------------------------------|-------------------|
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| At 31 March 2000 | 44 | 29 | 40 | 25 | 138 |
| Prior year adjustment for FRS 19 | — | — | — | 110 | 110 |
| Exchange adjustments | (8) | (3) | (3) | (23) | (37) |
| Charged to profit and loss account | — | 4 | 3 | 5 | 12 |
| Utilised in the year | (11) | (3) | (15) | — | (29) |
| Transfer to creditors | — | (5) | — | — | (5) |
| At 31 March 2001 | 25 | 22 | 25 | 117 | 189 |
| Exchange adjustments | (6) | (6) | (2) | (31) | (45) |
| Arising on the acquisition of subsidiary undertakings | — | — | 9 | 11 | 20 |
| Charged to profit and loss account | — | 8 | 1 | 5 | 14 |
| Utilised in the year | (5) | (3) | (5) | — | (13) |
| Transfer (to)/from creditors | — | (1) | 2 | — | 1 |
| At 31 March 2002 | 14 | 20 | 30 | 102 | 166 |

| | Demerged entities | Post- retirement benefits | Other | Deferred taxation Restated | Total Restated |
|-------------------------------------------------------|----------------------|---------------------------------|------------|----------------------------------|-------------------|
| | Rm | Rm | Rm | Rm | Rm |
| At 31 March 2000 | 285 | 192 | 262 | 164 | 903 |
| Prior year adjustment for FRS 19 | — | — | — | 715 | 715 |
| Exchange adjustments | — | 15 | 25 | 20 | 60 |
| Charged to profit and loss account | — | 24 | 25 | 33 | 82 |
| Utilised in the year | (82) | (19) | (112) | — | (213) |
| Transfer to creditors | — | (35) | — | — | (35) |
| At 31 March 2001 | 203 | 177 | 200 | 932 | 1,512 |
| Exchange adjustments | — | 13 | 76 | 75 | 164 |
| Arising on the acquisition of subsidiary undertakings | — | (3) | 83 | 111 | 191 |
| Charged to profit and loss account | — | 72 | 10 | 48 | 130 |
| Utilised in the year | (48) | (26) | (45) | — | (119) |
| Transfer (to)/from creditors | — | (11) | 20 | — | 9 |
| At 31 March 2002 | 155 | 222 | 344 | 1,166 | 1,887 |

Demerged entities

During the year ended 31 March 1998, the group recognised a provision of US\$117 million (R562 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 2002, US\$5 million (R48 million) was further utilised in regard to the disposal of SAB Ltd's remaining retail interests. The residual US\$14 million (R155 million) relates mainly to the disposal of OK Bazaars (1929) Ltd to Shoprite Holdings Ltd ('Shoprite'). As disclosed in last year's annual report, 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 and have been submitted for dispute resolution to independent accountants acting as experts and not as arbitrators. In March 2000 an opinion was received from the experts but subsequent to that Shoprite has instituted action against the independent experts and SAB indicating an intention to refute the expert opinion. While full provision for all claims has already been made on the basis of prudence, the actual outcome of the dispute cannot be estimated by the directors at this time. The further information ordinarily required by FRS 12 – 'Provisions, contingent liabilities and contingent assets' – has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the dispute.

Post-retirement benefits

The provision for post-retirement benefits represents the provision for medical benefits for retired employees and their dependants in South Africa and pension provisions for retired employees in SAB Europe and SAB Africa and Asia. The principal assumptions on which these provisions are based are disclosed in note 33.

22. Provisions for liabilities and charges (continued)**Other provisions**

At 31 March 2002 the group retained US\$30 million (R344 million) of other provisions. The principal individual components of this amount are as follows:

The group has recognised various provisions, totalling US\$7 million (R82 million) at 31 March 2002, in relation to taxation exposures it believes may arise. The provisions principally relate to corporate taxation in respect of a number of group companies and are not individually significant. Any settlement in respect of these amounts will occur as and when the assessments are finalised with the respective tax authorities.

US\$7 million (R83 million) of provisions in respect of outstanding litigation within various operations have been retained, none of which are expected to have adverse material consequences to the group.

Payroll related provisions of US\$10 million (R118 million), include provisions amounting to US\$4 million (R50 million) within SABI Central America and US\$3 million (R35 million) within SABI Europe to comply with labour legislation relating to employee service terminations and rewards.

Deferred taxation

In December 2000 the Accounting Standards Board published FRS 19 – ‘Deferred tax’ – which requires a form of ‘full’ provision for accounting for deferred tax (called ‘incremental liability’ approach) that replaces the ‘partial’ provision method as previously used by SAB plc. The results reflect the adoption of the ‘full’ provision approach. The cumulative cost of recognising the unprovided liability relating to previous years has been recognised as a prior year adjustment and comparative figures for 2000 have been restated. Refer to the basis of preparation for further details of the change in accounting policy.

| | 2002 US\$m | 2001 Restated US\$m | 2002 Rm | 2001 Restated Rm |
|------------------------------------------------------------------------------|---------------|---------------------------|--------------|------------------------|
| Provision for deferred tax comprises: | | | | |
| Fixed asset allowances | 133 | 127 | 1,512 | 1,016 |
| Prepayments | (11) | (3) | (121) | (23) |
| Excise duty in stock | (4) | 4 | (50) | 29 |
| Unrealised foreign exchange profits | (9) | — | (96) | — |
| Provisions | (2) | (12) | (23) | (94) |
| Other timing differences | (5) | 1 | (56) | 4 |
| | 102 | 117 | 1,166 | 932 |
| At the beginning of year as previously reported | 117 | 25 | 932 | 164 |
| Prior year adjustments for FRS 19 | — | 110 | — | 715 |
| Arising on the acquisition of subsidiary undertakings | 11 | — | 111 | — |
| Exchange adjustments | (31) | (23) | 75 | 20 |
| Charged to profit and loss account | 5 | 5 | 48 | 33 |
| At end of year | 102 | 117 | 1,166 | 932 |
| Included within debtors (note 17) is a deferred tax asset comprising: | | | | |
| Provisions | 3 | — | 34 | — |
| Tax losses carried forward | 2 | — | 22 | — |
| | 5 | — | 56 | — |
| At the beginning of year | — | — | — | — |
| Arising on the acquisition of subsidiary undertakings | 4 | — | 42 | — |
| Credited to profit and loss account | 1 | — | 14 | — |
| At end of year | 5 | — | 56 | — |

This deferred tax asset is brought about by tax losses in the Czech operations and timing differences on provisions in SABI Central America. Given both recent and forecast trading, the directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to record these assets.

23. Share capital

| | 2002 US\$000 | 2001 US\$000 | | |
|------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------|----------------------------------|----------------|
| Group and company | | | | |
| Authorised share capital | | | | |
| 2,000,000,000 ordinary shares of US10 cents each (2001: 2,000,000,000) | 200,000 | 200,000 | | |
| 50,000 deferred shares of £1 each (2001: 50,000) | 80 | 80 | | |
| Issued share capital | | | | |
| 840,888,305 ordinary shares of US10 cents each (2001: 774,999,384) | 84,089 | 77,500 | | |
| 50,000 deferred shares of £1 each (2001: 50,000) | 80 | 80 | | |
| | Ordinary shares of US10 cents each 000 | Deferred shares of £1 each 000 | Nominal value US\$000 | R000 |
| At 31 March 2000 | 774,264 | 50 | 77,506 | 478,985 |
| Issue of shares | 735 | — | 74 | 559 |
| At 31 March 2001 | 774,999 | 50 | 77,580 | 479,544 |
| Issue of shares | 65,889 | — | 6,589 | 73,034 |
| At 31 March 2002 | 840,888 | 50 | 84,169 | 552,578 |

Following the completion of an international book building exercise, 64,700,000 new ordinary shares were placed with institutional investors during December 2001. The placing comprised the issue of 56,200,000 new ordinary shares, plus an additional manager's option of 8,500,000 ordinary shares. In terms of the SAB Executive Share Purchase Scheme, a total of 1,188,921 new ordinary shares were allotted and issued during the year. Prior to these share issues the issued capital consisted of 774,999,394 ordinary shares of US10 cents each. Subsequent to the issue of these shares, the issued capital consisted of 840,888,305 ordinary shares of US10 cents each.

The authorised share capital remains unchanged at 2,000,000,000 ordinary shares of US10 cents.

The deferred shares do not carry any voting rights and do not entitle holders thereof to receive any dividends or other distributions.

23. Share capital *(continued)*

The following options have been granted over SAB plc ordinary shares under the RSA Executive Share Purchase Scheme and have not been exercised:

| Date of grant | Ordinary shares | Exercise price R | Exercise period | |
|-------------------|-------------------|---------------------|-----------------|-------------|
| | | | Earliest date | Latest date |
| 24 May 1993 | 40,000 | 25.38 | 24.05.1998 | 24.05.2003 |
| 10 November 1993 | 30,000 | 27.19 | 10.11.1998 | 10.11.2003 |
| 14 April 1994 | 140,000 | 34.55 | 14.04.1999 | 14.04.2004 |
| 28 October 1994 | 70,000 | 40.09 | 28.10.1999 | 28.10.2004 |
| 24 May 1995 | 78,000 | 44.46 | 24.05.2000 | 24.05.2005 |
| 15 August 1995 | 20,000 | 47.87 | 15.08.2000 | 15.08.2005 |
| 29 September 1995 | 35,000 | 48.77 | 29.09.2000 | 29.09.2005 |
| 21 November 1995 | 45,000 | 51.18 | 21.11.2000 | 21.11.2005 |
| 29 May 1996 | 1,030,000 | 53.63 | 29.05.2001 | 29.05.2006 |
| 20 August 1996 | 275,000 | 50.43 | 20.08.2001 | 20.08.2006 |
| 31 January 1997 | 40,000 | 52.14 | 31.01.2002 | 31.01.2007 |
| 28 May 1997 | 602,000 | 53.95 | 28.05.2002 | 28.05.2007 |
| 12 November 1997 | 306,000 | 53.10 | 12.11.2002 | 12.11.2007 |
| 19 January 1998 | 570,000 | 48.62 | 19.01.2003 | 19.01.2008 |
| 18 August 1998 | 40,000 | 43.29 | 18.08.2003 | 18.08.2008 |
| 14 September 1998 | 646,000 | 32.84 | 14.09.2003 | 14.09.2008 |
| 11 November 1998 | 1,711,000 | 46.40 | 11.11.2003 | 11.11.2008 |
| 27 May 1999 | 162,500 | 50.90 | 27.05.2004 | 27.05.2009 |
| 1 September 1999 | 35,000 | 50.05 | 01.09.2004 | 01.09.2009 |
| 25 November 1999 | 284,500 | 56.50 | 25.11.2004 | 25.11.2009 |
| 2 June 2000 | 694,500 | 43.09 | 02.06.2005 | 02.06.2010 |
| 1 December 2000 | 1,180,000 | 45.97 | 01.12.2005 | 01.12.2010 |
| 1 June 2001 | 387,000 | 59.15 | 01.06.2006 | 01.06.2011 |
| 30 November 2001 | 1,663,500 | 67.05 | 30.11.2006 | 30.11.2011 |
| Total | 10,085,000 | | | |

23. Share capital *(continued)*

The following options have been granted over SAB plc ordinary shares under the UK Approved Executive Share Option Scheme and the Unapproved Executive Share Option (No 2) Scheme and have not been exercised:

| Date of grant | Ordinary shares | Exercise price £ | Exercise period | |
|-------------------|------------------|---------------------|-----------------|-------------|
| | | | Earliest date | Latest date |
| 9 March 1999 | 407,206 | 4.85 | 09.03.2002 | 09.03.2009 |
| 16 March 1999* | 44,688 | 5.37 | 16.03.2002 | 16.03.2009 |
| 27 May 1999 | 166,537 | 5.17 | 27.05.2002 | 27.05.2009 |
| 27 May 1999* | 5,802 | 5.17 | 27.05.2002 | 27.05.2009 |
| 1 September 1999 | 12,180 | 5.14 | 01.09.2002 | 01.09.2009 |
| 2 June 2000 | 1,277,706 | 4.11 | 02.06.2003 | 02.06.2010 |
| 2 June 2000* | 21,897 | 4.11 | 02.06.2003 | 02.06.2010 |
| 1 December 2000 | 58,380 | 4.22 | 01.12.2003 | 01.12.2010 |
| 1 December 2000* | 7,109 | 4.22 | 01.12.2003 | 01.12.2010 |
| 1 June 2001 | 1,519,053 | 5.16 | 01.06.2004 | 01.06.2011 |
| 1 June 2001* | 17,442 | 5.16 | 01.06.2004 | 01.06.2011 |
| 30 November 2001 | 89,210 | 4.72 | 30.11.2004 | 30.11.2011 |
| 30 November 2001* | 19,068 | 4.72 | 30.11.2004 | 30.11.2011 |
| Total | 3,646,278 | | | |

*SAB plc Approved Executive Share Option Scheme

The following conditional awards have been granted under the Performance Share Award Scheme and have not yet vested:

| Date of award | Ordinary shares | Exercise price £ | Date by which performance condition must be met |
|------------------|-----------------|---------------------|-------------------------------------------------|
| | | | |
| 23 March 1999 | 190,057 | 1.00 | 08.06.2002 |
| 1 June 2000 | 261,383 | Nil | 01.06.2003 |
| 1 June 2001 | 229,015 | Nil | 01.06.2004 |
| 30 November 2001 | 6,929 | Nil | 30.11.2004 |
| Total | 687,384 | | |

24. Reserves

| | Share premium US\$m | Revaluation and other reserves US\$m | Profit and loss reserve Restated US\$m | Total Restated US\$m | Share premium Rm | Revaluation and other reserves Rm | Profit and loss reserve Restated Rm | Total Restated Rm |
|-------------------------------------------------------|---------------------------|-----------------------------------------------|----------------------------------------------------|----------------------------|------------------------|--------------------------------------------|-------------------------------------------------|-------------------------|
| At 31 March 2000 | 1,364 | 37 | 683 | 2,084 | 8,428 | 225 | 4,910 | 13,563 |
| Prior year adjustment in respect of deferred taxation | — | — | (104) | (104) | — | — | (677) | (677) |
| Issue of shares to SAB plc shareholders | 3 | — | — | 3 | 22 | — | — | 22 |
| Profit for the financial year | — | — | 352 | 352 | — | — | 2,578 | 2,578 |
| Dividends declared | — | — | (174) | (174) | — | — | (1,279) | (1,279) |
| Exchange movements | — | — | (226) | (226) | — | — | 1,404 | 1,404 |
| Share of movement in reserves of associates | — | — | 1 | 1 | — | — | 6 | 6 |
| Transfers | — | (6) | 6 | — | — | (44) | 44 | — |
| Other movements | — | — | (7) | (7) | — | — | (46) | (46) |
| At 31 March 2001 | 1,367 | 31 | 531 | 1,929 | 8,450 | 181 | 6,940 | 15,571 |
| Issue of shares to SAB plc shareholders* | 4 | — | 390 | 394 | 44 | — | 3,784 | 3,828 |
| Profit for the financial year | — | — | 293 | 293 | — | — | 2,838 | 2,838 |
| Dividends declared | — | — | (187) | (187) | — | — | (1,813) | (1,813) |
| Exchange movements | — | — | (212) | (212) | — | — | 5,271 | 5,271 |
| Share of movement in reserves of associates | — | — | — | — | — | — | (4) | (4) |
| Transfers | — | — | — | — | — | (4) | 4 | — |
| Other movements | — | 1 | 7 | 8 | — | 12 | 67 | 79 |
| At 31 March 2002 | 1,371 | 32 | 822 | 2,225 | 8,494 | 189 | 17,087 | 25,770 |

*In December 2001, SAB plc issued 64.7 million new ordinary shares at 445p each in an equity placing. The new shares were issued to placees nominated by the managers of the placing, in exchange for the transfer by the managers to SAB plc of redeemable preference shares in a new United Kingdom tax resident Jersey incorporated company. In accordance with the merger relief provisions of the Companies Act, 1985, the company recorded its investment in these preference shares at the nominal value of the ordinary shares issued in the placing. Upon the subsequent redemption of those preference shares, SAB plc recognised a distributable profit of US\$ 390 million (R 3,784 million).

In accordance with the merger relief provisions of the Companies Act, 1985, the company recorded its investment in South African Breweries International (Finance) BV at the nominal value of the ordinary shares issued as consideration for the SAB Ltd businesses acquired. The excess of the carrying value of the investment over the nominal value of the shares was included as share premium.

The group profit and loss reserve includes amounts of US\$20 million (R249 million) (2001: US\$22 million (R267 million)), the distribution of which is limited by statutory or other restrictions.

25. Reconciliation of operating profit to net cash inflow from operating activities

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------------------------------------------------------------|---------------|---------------|--------------|------------|
| Operating profit | 619 | 637 | 6,007 | 4,671 |
| Depreciation: | | | | |
| tangible fixed assets | 176 | 167 | 1,709 | 1,223 |
| containers | 34 | 34 | 330 | 249 |
| Container breakages and shrinkage | 10 | 11 | 100 | 78 |
| Amortisation of intangible assets | 51 | 20 | 499 | 147 |
| Dividends received from other investments | (2) | (3) | (23) | (25) |
| Profit on sale of fixed assets | (3) | (6) | (28) | (47) |
| Brewery closure costs in Pitesti (Romania) | 8 | — | 79 | — |
| Asset impairment provision in Ursus (Romania) | 10 | — | 102 | — |
| Reversal of asset impairment provision in Velke Popovice (Czech) | (11) | — | (108) | — |
| Non-cash impairment of Monyaka | — | 5 | — | 35 |
| Profit on disposal of Sun International | — | (5) | — | (38) |
| Deferred income | 1 | (12) | 5 | (83) |
| Other non-cash movements | 11 | 6 | 106 | 51 |
| Net cash inflow from operating activities before working capital movements (EBITDA) | 904 | 854 | 8,778 | 6,261 |
| Increase in stock | (7) | (15) | (72) | (107) |
| Increase in debtors | (37) | (42) | (359) | (312) |
| Increase in creditors | 115 | 62 | 1,116 | 456 |
| Net cash inflow from operating activities | 975 | 859 | 9,463 | 6,298 |

26. Reconciliation of net cash flow to movement in net debt

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|----------------------------------------------------------------|----------------|---------------|-----------------|------------|
| Increase/(decrease) in cash | 116 | (59) | 1,125 | (433) |
| Net cash inflow from increase in debt and lease financing | (297) | (487) | (2,880) | (3,573) |
| Cash inflow from decrease in liquid resources | (19) | (64) | (188) | (471) |
| Change in net debt resulting from cash flows | (200) | (610) | (1,943) | (4,477) |
| Loans and finance leases acquired with subsidiary undertakings | (261) | — | (2,526) | — |
| Loans and finance leases disposed with subsidiary undertakings | — | 2 | — | 15 |
| Exchange movements | 54 | 59 | (3,013) | (351) |
| Amortisation of bond costs | (3) | — | (25) | — |
| Movement in net debt in the year | (410) | (549) | (7,507) | (4,813) |
| Opening net debt | (835) | (286) | (6,683) | (1,870) |
| Closing net debt | (1,245) | (835) | (14,190) | (6,683) |

27. Analysis of net debt

| | Cash at bank and in hand US\$m | Over-draft US\$m | Total US\$m | Funding due within one year US\$m | Funding due after one year US\$m | Finance leases due within one year US\$m | Finance leases due after one year US\$m | Total US\$m | Liquid resources US\$m | Net debt US\$m |
|----------------------------------------------|--------------------------------|------------------|-------------|-----------------------------------|----------------------------------|------------------------------------------|-----------------------------------------|----------------|------------------------|----------------|
| At 31 March 2000 | 197 | (49) | 148 | (252) | (260) | (7) | (34) | (553) | 119 | (286) |
| Cash flow | (11) | (48) | (59) | 144 | (595) | 4 | (40) | (487) | (64) | (610) |
| Disposals | — | — | — | — | — | — | 2 | 2 | — | 2 |
| Exchange adjustments | (21) | 11 | (10) | 26 | 32 | 3 | 10 | 71 | (2) | 59 |
| Change in maturity of net debt | — | — | — | (38) | 38 | — | — | — | — | — |
| Loan reclassification | — | — | — | 21 | 8 | (21) | (8) | — | — | — |
| At 31 March 2001 | 165 | (86) | 79 | (99) | (777) | (21) | (70) | (967) | 53 | (835) |
| Cash flow | 105 | 11 | 116 | 133 | (454) | 17 | 7 | (297) | (19) | (200) |
| Acquisitions (excluding cash and overdrafts) | — | — | — | (59) | (213) | — | — | (272) | 11 | (261) |
| Exchange adjustments | (25) | 13 | (12) | 14 | 29 | 5 | 18 | 66 | — | 54 |
| Change in maturity of net debt | — | — | — | (153) | 153 | (15) | 15 | — | — | — |
| Amortisation of loan costs | — | — | — | — | (3) | — | — | (3) | — | (3) |
| At 31 March 2002 | 245 | (62) | 183 | (164) | (1,265) | (14) | (30) | (1,473) | 45 | (1,245) |

| | Cash at bank and in hand Rm | Over-draft Rm | Total Rm | Funding due within one year Rm | Funding due after one year Rm | Finance leases due within one year Rm | Finance leases due after one year Rm | Total Rm | Liquid resources Rm | Net debt Rm |
|----------------------------------------------|-----------------------------|---------------|--------------|--------------------------------|-------------------------------|---------------------------------------|--------------------------------------|-----------------|---------------------|-----------------|
| At 31 March 2000 | 1,283 | (320) | 963 | (1,648) | (1,700) | (42) | (223) | (3,613) | 780 | (1,870) |
| Cash flow | (79) | (354) | (433) | 1,054 | (4,365) | 32 | (294) | (3,573) | (471) | (4,477) |
| Disposals | — | 2 | 2 | — | — | — | 13 | 13 | — | 15 |
| Exchange adjustments | 120 | (13) | 107 | (76) | (491) | (4) | — | (571) | 113 | (351) |
| Change in maturity of net debt | — | — | — | (279) | 279 | (3) | 3 | — | — | — |
| Loan reclassification | — | — | — | 151 | 58 | (151) | (58) | — | — | — |
| At 31 March 2001 | 1,324 | (685) | 639 | (798) | (6,219) | (168) | (559) | (7,744) | 422 | (6,683) |
| Cash flow | 1,019 | 106 | 1,125 | 1,290 | (4,410) | 172 | 68 | (2,880) | (188) | (1,943) |
| Acquisitions (excluding cash and overdrafts) | — | — | — | (574) | (2,063) | (4) | — | (2,641) | 115 | (2,526) |
| Exchange adjustments | 450 | (130) | 320 | (306) | (3,183) | (6) | (3) | (3,498) | 165 | (3,013) |
| Change in maturity of net debt | — | — | — | (1,484) | 1,484 | (149) | 149 | — | — | — |
| Amortisation of loan costs | — | — | — | — | (25) | — | — | (25) | — | (25) |
| At 31 March 2002 | 2,793 | (709) | 2,084 | (1,872) | (14,416) | (155) | (345) | (16,788) | 514 | (14,190) |

Note: Liquid resources comprise short-term deposits with banks, which mature within 12 months of the date of inception, and amounts invested in short-dated liquid instruments.

The group's net debt is denominated in the following currencies:

| | Denomination | | | | Denomination | | | |
|-----------------------------------------|------------------|--------------|------------------------|----------------|-----------------|----------------|---------------------|-----------------|
| | US dollars US\$m | Rand US\$m | Other currencies US\$m | Total US\$m | US dollars Rm | Rand Rm | Other currencies Rm | Total Rm |
| Gross borrowings (including overdrafts) | (562) | (330) | (161) | (1,053) | (4,496) | (2,637) | (1,296) | (8,429) |
| Cash at bank and liquid resources | 88 | 31 | 99 | 218 | 707 | 247 | 792 | 1,746 |
| Net debt at 31 March 2001 | (474) | (299) | (62) | (835) | (3,789) | (2,390) | (504) | (6,683) |
| Gross borrowings (including overdrafts) | (1,094) | (156) | (285) | (1,535) | (12,465) | (1,781) | (3,251) | (17,497) |
| Cash at bank and liquid resources | 124 | 79 | 87 | 290 | 1,405 | 908 | 994 | 3,307 |
| Net debt at 31 March 2002 | (970) | (77) | (198) | (1,245) | (11,060) | (873) | (2,257) | (14,190) |

28. Acquisitions and disposals

All of the assets and liabilities relating to acquisitions have been accounted for on an acquisition basis.

For the year ended 31 March 2002:

The following table represents the assets and liabilities acquired for the year ended 31 March 2002, excluding the assets and liabilities relating to the acquisition of the Central America business which are separately discussed below:

| | Book value US\$m | Fair value adjustments US\$m | Fair value US\$m | Book value Rm | Fair value adjustments Rm | Fair value Rm |
|----------------------------------------|------------------------|------------------------------------|------------------------|---------------------|---------------------------------|---------------------|
| Tangible fixed assets | 87 | 7 | 94 | 849 | 65 | 914 |
| Other investments | (4) | — | (4) | (41) | — | (41) |
| Stock | 15 | — | 15 | 153 | (4) | 149 |
| Debtors | 16 | (1) | 15 | 153 | (9) | 144 |
| Cash and cash equivalents | 11 | — | 11 | 105 | — | 105 |
| Creditors due within one year | (59) | — | (59) | (576) | 2 | (574) |
| Creditors due after one year | (4) | — | (4) | (28) | (2) | (30) |
| Provisions for liabilities and charges | (4) | (1) | (5) | (37) | (11) | (48) |
| | 58 | 5 | 63 | 578 | 41 | 619 |
| Minority interest | (13) | — | (13) | (130) | — | (130) |
| Net assets | 45 | 5 | 50 | 448 | 41 | 489 |
| Goodwill | | | 96 | | | 933 |
| Consideration | | | 146 | | | 1,422 |

In accordance with the group's accounting policy, the goodwill of US\$96 million (R933 million) arising on consolidation has been stated in the group's balance sheet as an intangible asset.

Total consideration is comprised as follows:

| | US\$m | Rm |
|------------------------------------------------------------------------------------------------|-------|-------|
| Cash consideration | 145 | 1,412 |
| Deferred consideration creditor raised | 1 | 10 |
| Consideration per the above fair value table | 146 | 1,422 |
| Adjustments to align accounting policies and fair value adjustments comprise the following: | | |
| Adjustments to align accounting policies | | |
| Tangible fixed assets ⁽¹⁾ | 7 | 65 |
| Stock ⁽²⁾ | — | (4) |
| Debtors ⁽³⁾ | (1) | (9) |
| Creditors due within one year ⁽⁴⁾ | — | 2 |
| Creditors due after one year ⁽⁵⁾ | — | (2) |
| Provisions for liabilities and charges ⁽⁶⁾ | (1) | (11) |
| | 5 | 41 |

The principal fair value adjustments may be explained as:

(1) land and buildings were revalued on acquisition. Plant and machinery were revalued on acquisition to the lower of depreciated replacement cost or value in use.

Leased vehicles were capitalised in accordance with group policy;

(2) stock was revalued at acquisition to original cost;

(3) bad debt provision was increased and taxation balance reallocated to creditors;

(4) undisclosed liabilities were raised and taxation balance reallocated from debtors;

(5) liability relating to leased vehicles raised in accordance with group policy; and

(6) undisclosed provision for potential taxation liabilities raised.

28. Acquisitions and disposals (continued)

The principal acquisitions made by SAB include the following:

- A 20% equity stake in the Castel group (CBB) in exchange for a 38% stake in SABI Africa by way of a share exchange which became effective on 1 April 2001. A shareholders' agreement governs the strategic alliance arrangements between the parties.
- On 28 June 2001, SAB India Ltd acquired a 76% controlling interest in Mysore Breweries Ltd (MBL) in India. At the time of acquisition MBL had a 60% interest in Pals Distillers Ltd. This was then increased to a 95% interest.
- A further 54.6% interest in Nile Breweries of Uganda bringing SAB's stake to 94.6%. Consequently Nile Breweries is now consolidated as opposed to equity accounted.
- In December 2000 the Polish state failed to exercise its put option over its shareholding in Kompania Piwowarska. In July 2001, the state then sold these shares to EAC and SAB, increasing our share by 4%.
- SABI Europe acquired a controlling interest of 83.7% in Bere Timisoreana SA of Romania from a vendor consortium on 7 August 2001. This was increased in March 2002 to 95.6%.
- An agreement was signed, on 1 November 2001, with The Coca-Cola Export Corporation to purchase a 45% shareholding in Coca-Cola Bottling Luanda (CCBL). This investment along with existing management agreement gave SABI Africa an effective controlling stake in CCBL.
- SAB acquired, through its subsidiary SAB India Ltd, a 53% controlling interest in Rochees Breweries Ltd, a company listed on a number of stock exchanges in India including the Bombay Stock Exchange, on 7 November 2001.
- After listing CDM on the Mozambiquan Stock Exchange on 27 December 2001, SAB acquired an additional 13.5% interest, thus increasing its investment to 78.5%.
- On 12 February 2002 SABI Africa announced that its Zambian subsidiary, Zambian Breweries plc, listed on the Lusaka Stock Exchange, had acquired the entire issued share capital of the Coca-Cola bottler, Zambia Bottlers Ltd, from a vendor consortium including The Coca-Cola Export Corporation.

Central America

On 28 November 2001, SAB plc together with Central American Beverage Corporation, formed Bevco in which SAB plc has a 58.4% interest. Bevco owns interests in Honduras and El Salvador. The fair values of the assets and liabilities acquired, which are considered to be provisional as a number of matters are still under consideration, were as follows:

| | Book value US\$m | Fair value adjustments US\$m | Provisional fair value US\$m | Book value Rm | Fair value adjustments Rm | Provisional fair value Rm |
|----------------------------------------|---------------------|------------------------------------|------------------------------------|------------------|---------------------------------|---------------------------------|
| Tangible fixed assets | 241 | (14) | 227 | 2,335 | (134) | 2,201 |
| Other investments | — | — | — | 4 | 1 | 5 |
| Stock | 58 | (11) | 47 | 561 | (103) | 458 |
| Debtors | 127 | (9) | 118 | 1,237 | (88) | 1,149 |
| Cash and cash equivalents | 24 | 1 | 25 | 234 | 7 | 241 |
| Creditors due within one year | (136) | (12) | (148) | (1,322) | (117) | (1,439) |
| Creditors due after one year | (209) | — | (209) | (2,029) | (4) | (2,033) |
| Provisions for liabilities and charges | (7) | (8) | (15) | (70) | (74) | (144) |
| | 98 | (53) | 45 | 950 | (512) | 438 |
| Minority interest | (4) | — | (4) | (42) | — | (42) |
| Net assets | 94 | (53) | 41 | 908 | (512) | 396 |
| Goodwill | | | 930 | | | 9,031 |
| Consideration | | | 971 | | | 9,427 |

In accordance with the group's accounting policy, the goodwill of US\$930 million (R9,031 million) arising on consolidation has been stated in the group's balance sheet as an intangible asset.

28. Acquisitions and disposals (continued)**Central America** (continued)

Total consideration is comprised as follows:

| | US\$m | Rm |
|---------------------------------------------------------------------------------------------|-------|-------|
| Cash consideration | 547 | 5,313 |
| Trading balances with Dole Inc. set off | 24 | 230 |
| Issue of shares in Bevco to partner | 400 | 3,884 |
| Consideration per the above fair value table | 971 | 9,427 |
| Adjustments to align accounting policies and fair value adjustments comprise the following: | | |
| Adjustments to align accounting policies | | |
| Tangible fixed assets ⁽¹⁾ | (1) | (13) |
| Stock ⁽²⁾ | (3) | (26) |
| Debtors ⁽³⁾ | 1 | 9 |
| Creditors due after one year ⁽⁴⁾ | — | (4) |
| Provisions for liabilities and charges ⁽⁵⁾ | (8) | (78) |
| Other adjustments | | |
| Tangible fixed assets ⁽¹⁾ | (13) | (121) |
| Other investments ⁽⁶⁾ | — | 1 |
| Stock ⁽²⁾ | (8) | (77) |
| Debtors ⁽³⁾ | (10) | (97) |
| Cash and cash equivalents ⁽⁷⁾ | 1 | 7 |
| Creditors due within one year ⁽⁸⁾ | (12) | (117) |
| Provisions for liabilities and charges ⁽⁵⁾ | — | 4 |
| | (53) | (512) |

The principal fair value adjustments may be explained as:

- (1) surplus, obsolete and missing assets were written down to their net realisable value or value in use. Existing revaluations in respect of tangible fixed assets were reversed. Assets held under finance leases were capitalised in accordance with group policy. Depreciation lives were brought into harmony with group policies;
- (2) stock was revalued on acquisition to net realisable value and previously capitalised maintenance costs were written off to comply with UK GAAP;
- (3) deferred tax assets recognised. Recognition of appropriate provisions for bad and doubtful debts. Write off of prepayments which should have been expensed. Capitalised renovation costs (deferred costs) written off to comply with UK GAAP;
- (4) recognition of obligations in respect of finance lease and reclassification of current portion of long term loans;
- (5) recognition of provisions for deferred tax in accordance with FRS 19 and constructive labour severance obligations;
- (6) reclassification of land not used in business from tangible fixed assets and write off of investments in process of liquidation;
- (7) foreign currencies held were restated to November 2001 exchange rates and obligations in respect of dividend payable was grossed up; and
- (8) recognition of undisclosed liabilities and accruals and reclassification of long-term liabilities.

Based on the combined unaudited proforma management accounts, the entities acquired in Central America earned a profit after taxation of US\$42 million (R412 million) for the eleven month period from 1 January 2001 to 27 November 2001.

The summary combined profit and loss account for the entities for this period is shown below:

| | 11 months ended 27 November 2001 | |
|------------------------------|-------------------------------------|-------|
| | US\$m | Rm |
| Turnover | 497 | 4,825 |
| Operating profit | 58 | 570 |
| Interest | (3) | (31) |
| Taxation | (13) | (127) |
| Profit after taxation | 42 | 412 |

There were no recognised gains and losses in the eleven months ended 27 November 2001 other than the profit after taxation of US\$42 million (R412 million) shown above.

The reported profit after taxation figures and the amounts shown in the summary profit and loss for the periods indicated above do not reflect the impact of changes to the accounting policies of the entities or other fair value adjustments made by the group subsequent to their acquisition. From 28 November 2001, the date of acquisition, to 31 March 2002, the central American operations contributed US\$186 million (R1,809 million) to the group's turnover and US\$7 million (R64 million) to the group's operating profit. During the same period, the Central American operations contributed US\$41 million (R392 million) to the group's EBITDA, paid US\$6 million (R57 million) in respect of taxation and utilised US\$12 million (R115 million) for capital expenditure.

28. Acquisitions and disposals (continued)**Reconciliation of cash consideration to cash paid per the cash flow statement**

| | US\$m | Rm |
|----------------------------------------------------------------------|-------|-------|
| Cash consideration for Central America | 547 | 5,313 |
| Cash consideration for rest of group | 145 | 1,412 |
| Settlement of deferred consideration in respect of Polish put option | 12 | 116 |
| | 704 | 6,841 |
| Purchase of subsidiary undertakings per cash flow statement | 672 | 6,524 |
| Purchase of shares from minorities per cash flow statement | 32 | 317 |
| | 704 | 6,841 |

For the year ended 31 March 2001:

On 1 October 2000, SABI, through its 60% held subsidiary, SAB India, acquired 100% of the business and assets and liabilities of Narang Breweries (Pvt) Ltd situated in the Uttar Pradesh province of India.

The net assets acquired amounted to approximately US\$2 million (R12 million) for a total cash consideration of US\$6 million (R44 million), of which US\$2 million (R7 million) was paid in the previous year. Goodwill arising amounted to US\$4 million (R29 million).

Shares purchased from minorities comprise the following:

| | US\$m | Rm |
|--------------------|-------|-------|
| ABI | 73 | 531 |
| PU option tranches | 332 | 2,435 |
| Botswana | 15 | 111 |
| Tanzania | 27 | 200 |
| Kenya | 6 | 46 |
| | 453 | 3,323 |

The capitalised goodwill arising out of these investments amounted to US\$343 million (R2,513 million).

Disposals**For the year ended 31 March 2002:**

The group sold 13.3% of its interest in Tanzania Distilleries Ltd for US\$1 million (R11 million).

For the year ended 31 March 2001:

TBI sold its assets to National Sorghum Breweries for US\$4 million (R28 million), Appletiser disposed of its subsidiary Supply Chain Services for US\$3 million (R26 million), and SABI Europe also sold shares it purchased in Kompania Piwowarska on behalf of Euro Agro Centrum to them for US\$2 million (R12 million).

29. Financial instruments

The group purchases or issues financial instruments in order to finance its operations and to manage the interest rate and currency risks that arise from those operations and from its sources of finance. In addition, various financial balances, for example trade debtors, trade creditors, accruals and prepayments, arise directly from the group's operations.

The group finances its operations through a mixture of retained profits, bank revolving credit borrowings, long-term bank loans and corporate bonds. In respect of its South African businesses, the group manages overnight cash flows centrally through its wholly-owned subsidiary, Sabfin (Pty) Ltd. Long-term bank financing is arranged locally by the South African entities. Project finance and term borrowing are negotiated directly with the banking industry by group operating subsidiaries, but subject to internal group treasury policies. Outside South Africa, the group's treasury is managed by SABI (Finance) BV which is responsible for cash, the central borrowing portfolio, and foreign exchange management for the SABI businesses.

The group also enters into derivative transactions, principally forward foreign currency contracts, forward rate agreements and interest rate swaps in order to manage the currency and interest rate risk arising from the group's operations. The group does not write interest rate or currency options and currency options are only purchased as a cost-effective alternative to forward foreign exchange contracts. It is group policy that no trading in financial instruments be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. Compliance with the group's policies and exposure limits is reviewed at quarterly meetings of the board of directors. These policies have remained unchanged throughout the year ended 31 March 2002.

29. Financial instruments (continued)**Interest rate risk**

The group finances its operations through a mixture of retained reserves, bank and corporate bond borrowings. The group borrows principally in rand, Polish zloty, Czech krone and in US dollars at both fixed and floating rates of interest. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. In order to hedge specific exposures in the interest rate repricing profile of existing borrowings and anticipated peak additional borrowings the group makes use of interest rate swaps and forward rate agreements to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations. The group's policy is to keep between 25% and 75% of its borrowings (measured on a rolling basis) at a fixed rate of interest – intended to limit the impact of a 1% change in interest rates to 1% of group operating profit excluding exceptional items. As at 31 March 2002 71% (2001: 27%) of the group's borrowings were at fixed rates after taking account of any interest rate swaps and forward rate agreements. The changes in the fixed rate percentage between the two years is analysed further (in this note) under the interest rate risk profile of financial liabilities and financial assets.

Liquidity risk

In order to mitigate any liquidity risk that the group may face, the group's policy has been, throughout the year ending 31 March 2002, to maintain substantial unutilised banking facilities and reserve borrowings capacity, as indicated by the level of undrawn facilities.

Foreign currency risk

During the year ended 31 March 2002 the bulk of the group's operations, principally represented by the South African beer operations, Other Beverage Interests and the Hotels and Gaming division businesses, which are based in South Africa, have been operated in rand. During the last five years, the SABI group of businesses have become increasingly important in terms of their impact on the group's financial position. SABI operates in a wide variety of countries in sub Saharan Africa and also in Europe, where its main presence is in the central and eastern European countries. During the year the group acquired substantial operations in Central America. SABI also operates in China through China Resources Breweries Ltd. Whilst the subsidiary and associated undertakings that comprise the SABI group operate in the local currency of the country in which they are based, from a functional perspective the group regards these operations as being US dollar based and in management accounting terms these companies report in US dollars.

The group seeks to mitigate the effect of structural currency exposures by borrowing, where cost effective, in the same currencies as the functional currencies of its main operating units. It is not the group's policy to hedge foreign currency translation exposures.

The group also has transactional currency exposures which principally arise from sales or purchases, in currencies other than the unit's functional currency. The group's policy is to limit the aggregate uncovered net transaction exposure to US\$80 million – being approximately 13% of group operating profit excluding exceptional items. The actual position as at 31 March 2002 was US\$30 million (2001: US\$17 million).

The following tables exclude short-term debtors and non-interest bearing short-term creditors except for the table on the fair values of financial assets and liabilities where these balances are included within book and fair values.

Interest rate risk profile of financial liabilities and financial assets

After taking into account the group's interest rate and currency swaps and forward rate agreements the currency and interest rate exposures of the borrowings of the group for the year ended 31 March 2002 were:

| Currency | Floating rate financial liabilities | Fixed rate financial liabilities | Total US\$m | Financial liabilities where no interest is paid | Floating rate financial liabilities | Fixed rate financial liabilities | Total Rm | Financial liabilities where no interest is paid |
|-----------------------------|-------------------------------------|----------------------------------|--------------|-------------------------------------------------|-------------------------------------|----------------------------------|---------------|-------------------------------------------------|
| | US\$m | US\$m | | US\$m | Rm | Rm | | Rm |
| SA rand | 85 | 244 | 329 | — | 680 | 1,959 | 2,639 | — |
| US dollars | 559 | 3 | 562 | 58 | 4,471 | 24 | 4,495 | 464 |
| Central European currencies | 64 | 36 | 100 | — | 512 | 287 | 799 | — |
| Euro | 20 | — | 20 | — | 160 | — | 160 | — |
| Other currencies | 41 | 1 | 42 | — | 328 | 8 | 336 | — |
| At 31 March 2001 | 769 | 284 | 1,053 | 58 | 6,151 | 2,278 | 8,429 | 464 |
| SA rand | 92 | 64 | 156 | — | 1,052 | 729 | 1,781 | — |
| US dollars | 168 | 926 | 1,094 | — | 1,915 | 10,550 | 12,465 | — |
| Central European currencies | 99 | 98 | 197 | — | 1,129 | 1,118 | 2,247 | — |
| Euro | 16 | — | 16 | — | 182 | — | 182 | — |
| Other currencies | 68 | 4 | 72 | — | 775 | 47 | 822 | — |
| At 31 March 2002 | 443 | 1,092 | 1,535 | — | 5,053 | 12,444 | 17,497 | — |

Based on the above floating rate borrowings at 31 March 2002, a 1% change in interest rates would impact group pre-tax profits, over a 12 month period, by approximately US\$4 million (R51 million), which is 0.7% of pre-tax profits.

The percentage of fixed rate borrowings at 31 March 2002 was 71% (2001: 27%).

29. Financial instruments *(continued)*

| Currency | Fixed rate financial liabilities | | Financial liabilities on which no interest is paid |
|-----------------------------|----------------------------------|---------------------------------------------------------|----------------------------------------------------|
| | Weighted average interest rate % | Weighted average period for which rate is fixed (years) | Weighted average term to maturity (years) |
| SA rand | 12 | 2 | — |
| US dollars | 9 | 2 | — |
| Central European currencies | 7 | 1 | — |
| Other currencies | 13 | 2 | — |
| At 31 March 2001 | 11 | 2 | — |
| SA rand | 13 | 2 | — |
| US dollars | 6 | 5 | — |
| Central European currencies | 8 | 2 | — |
| Other currencies | 14 | 2 | — |
| At 31 March 2002 | 6 | 4 | — |

Floating rate borrowings are mainly bank sourced and bear interest at various money market rates which include overnight call, and up to the 12 month term rates in respect of SA rand activities. US dollar floating rate borrowings are fixed in advance for periods ranging from 30 to 180 days and are mainly priced by references to LIBOR. Central European borrowing rates vary significantly between the various functional currency areas comprising this region, but are priced by reference to a combination of local market rates or LIBOR depending on the practice of the various markets.

The group held the following financial assets, as part of the financing arrangements of the group, during the year ended 31 March 2002:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------|---------------|---------------|--------------|--------------|
| SA rand short-term deposits | 1 | 3 | 11 | 24 |
| US dollar short-term deposits | 43 | 31 | 492 | 246 |
| Other short-term deposits | 1 | 19 | 11 | 152 |
| SA rand cash | 78 | 28 | 897 | 224 |
| US dollar cash | 81 | 59 | 913 | 473 |
| Other cash | 86 | 78 | 983 | 627 |
| | 290 | 218 | 3,307 | 1,746 |

The above financial assets are all priced at floating rates with interest rates reset and/or maturity dates within one year. Rand assets attract interest rates at the overnight money market call rate, and US dollar assets attract LIBOR related interest rates at various margins. Other currencies include those of Central European countries and the African continent.

Rand cash and short-term deposits are subject to South African exchange control regulations. South Africa's exchange control regulations provide for restrictions on exporting capital from South Africa, other than normal dividends.

Undrawn borrowing facilities

The group has the following undrawn committed borrowing facilities available to it:

| | South Africa US\$m | Inter-national US\$m | Total US\$m | South Africa Rm | Inter-national Rm | Total Rm |
|------------------------------------|-----------------------|-------------------------|----------------|--------------------|----------------------|---------------|
| Expiring within one year | 171 | 199 | 370 | 1,368 | 1,592 | 2,960 |
| Expiring between one and two years | — | — | — | — | — | — |
| Expiring in more than two years | — | 220 | 220 | — | 1,760 | 1,760 |
| At 31 March 2001 | 171 | 419 | 590 | 1,368 | 3,352 | 4,720 |
| Expiring within one year | 206 | 155 | 361 | 2,348 | 1,767 | 4,115 |
| Expiring between one and two years | — | 676 | 676 | — | 7,706 | 7,706 |
| Expiring in more than two years | 18 | 70 | 88 | 205 | 798 | 1,003 |
| At 31 March 2002 | 224 | 901 | 1,125 | 2,553 | 10,271 | 12,824 |

The facilities expiring within one year are of a general banking nature and thus subject to review at various dates (usually on an annual basis), and it is expected that this profile will continue relative to core working capital and seasonal peak borrowing requirements. Foreign currency term facilities are predominantly US dollar based, at various maturities and are utilised for bridging and short-term working capital needs. The facilities expiring beyond two years are of a project and structured finance nature, and mostly are utilised to finance capital expenditure.

29. Financial instruments (continued)**Currency exposures**

The group seeks to mitigate the effect of the currency exposures arising from its net investments by borrowing as far as possible in the same currencies as the operating currencies of its main operating units. Gains and losses arising on net investments and the financial instruments used to hedge the currency exposures are recognised in the statement of total recognised gains and losses.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their local currency.

The table below shows the group's transactional (or non-structural) currency exposures that could give rise to net currency gains and losses which are recognised in the profit and loss account.

Net foreign currency monetary assets/(liabilities)

| Functional currency of group operation: | SA rand US\$m | US dollar US\$m | Central European currencies US\$m | Euro US\$m | Other African currencies US\$m | Other currencies US\$m | Total US\$m |
|-----------------------------------------|------------------|--------------------|--------------------------------------------|---------------|-----------------------------------------|------------------------------|----------------|
| SA rand | — | 3 | — | 1 | — | — | 4 |
| US dollars | 2 | — | 1 | (2) | — | (2) | (1) |
| Central European currencies | — | (9) | — | (7) | — | — | (16) |
| Euro | — | — | (1) | — | — | — | (1) |
| Other African currencies | 5 | (8) | — | — | — | — | (3) |
| At 31 March 2001 | 7 | (14) | — | (8) | — | (2) | (17) |
| SA rand | — | 2 | — | 2 | — | — | 4 |
| Sterling | 2 | — | — | (6) | — | — | (4) |
| Central European currencies | — | (8) | — | (3) | — | — | (11) |
| Euro | — | — | 1 | — | — | (1) | — |
| Other African currencies | (9) | (9) | — | (1) | — | — | (19) |
| At 31 March 2002 | (7) | (15) | 1 | (8) | — | (1) | (30) |

| Functional currency of group operation: | SA rand Rm | US dollar Rm | Central European currencies Rm | Euro Rm | Other African currencies Rm | Other currencies Rm | Total Rm |
|-----------------------------------------|---------------|-----------------|-----------------------------------------|-------------|--------------------------------------|---------------------------|--------------|
| SA rand | — | 24 | — | 8 | — | — | 32 |
| US dollars | 16 | — | 8 | (16) | — | (16) | (8) |
| Central European currencies | — | (72) | — | (56) | — | — | (128) |
| Euro | — | — | (8) | — | — | — | (8) |
| Other African currencies | 40 | (64) | — | — | — | — | (24) |
| At 31 March 2001 | 56 | (112) | — | (64) | — | (16) | (136) |
| SA rand | — | 23 | — | 23 | — | — | 46 |
| Sterling | 23 | — | — | (69) | — | — | (46) |
| Central European currencies | — | (91) | — | (34) | — | — | (125) |
| Euro | — | — | 11 | — | — | (11) | — |
| Other African currencies | (103) | (103) | — | (11) | — | — | (217) |
| At 31 March 2002 | (80) | (171) | 11 | (91) | — | (11) | (342) |

The amounts shown in the table above take into account the effect of forward contracts and purchased currency options, which are used when cost effective as an alternative to forward contracts. Certain subsidiaries have open forward contracts to manage short-term foreign currency exposures to expected future trade imports and exports. These activities are predominately centered in South Africa and take place between the SA rand, US dollar, and the euro.

Based on the above net transaction exposure position at 31 March 2002, a simultaneous 10% change in all foreign exchange rates against divisional reporting currencies would impact group pre-tax profits by approximately US\$3 million.

29. Financial instruments (continued)**Fair values of financial assets and financial liabilities**

The following table presents the carrying amounts and the fair values of the group's financial instruments as at 31 March 2002. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates. The estimated net fair values have been determined using available market information and appropriate valuation methodologies, as detailed below, but are not necessarily indicative of the amounts that the group could realise in the normal course of business.

| | 2002 | | 2001 | |
|------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Book value US\$m | Fair value US\$m | Book value US\$m | Fair value US\$m |
| Primary financial instruments held or issued to finance the group's operations: | | | | |
| Short-term borrowings and current portion of long-term borrowings | 240 | 240 | 206 | 206 |
| Long-term borrowings | 1,295 | 1,306 | 847 | 846 |
| Financial assets | 692 | 692 | 527 | 527 |
| Other financial liabilities | 936 | 936 | 865 | 865 |
| Derivative financial instruments held to manage the interest rate and currency profile: | | | | |
| Interest rate swaps and forward rate agreements | — | (4) | — | (1) |
| Forward foreign exchange contracts | — | — | — | 1 |
| Derivative financial instruments held or issued to hedge the currency exposure on expected future transactions: | | | | |
| Interest rate swaps and forward rate agreements | — | — | — | — |
| Forward foreign exchange contracts | — | 9 | — | — |
| | 2002 | | 2001 | |
| | Book value Rm | Fair value Rm | Book value Rm | Fair value Rm |
| Primary financial instruments held or issued to finance the group's operations: | | | | |
| Short-term borrowings and current portion of long-term borrowings | 2,736 | 2,736 | 1,651 | 1,651 |
| Long-term borrowings | 14,761 | 14,888 | 6,776 | 6,768 |
| Financial assets | 7,884 | 7,884 | 4,218 | 4,218 |
| Other financial liabilities | 10,670 | 10,670 | 6,915 | 6,915 |
| Derivative financial instruments held to manage the interest rate and currency profile: | | | | |
| Interest rate swaps and forward rate agreements | — | (45) | — | (5) |
| Forward foreign exchange contracts | — | — | — | 6 |
| Derivative financial instruments held or issued to hedge the currency exposure on expected future transactions: | | | | |
| Interest rate swaps and forward rate agreements | — | — | — | — |
| Forward foreign exchange contracts | — | 103 | — | — |

The following methods and assumptions were used by the group in determining fair values:

Liquid resources, trade debtors and trade creditors – the book values reported in the balance sheet.

Borrowings – the fair values of the group's fixed rate loans are estimated using quoted prices or, where such prices are not available, discounted cash flows analysed using the appropriate yield curve. The book values of floating rate borrowings approximate their fair value.

Forward instruments – the fair values of interest rate derivatives are based on discounted cash flow analysis and comprise contracts with fixing dates after 31 March 2002. The fair values of forward foreign exchange contracts are determined using the relevant market forward foreign exchange rates.

29. Financial instruments *(continued)*
Hedging

The group's policy is to hedge (on a cost-effective basis) the following exposures:

- Interest rate risk – using interest rate derivatives; and
- Currency transaction risk – using forward foreign currency contracts to hedge foreign currency creditors. Forward foreign currency contracts are also used to hedge currency exposures on future expected transactions. Under the group's accounting policy, foreign currency balances which are hedged using forward foreign currency contracts are translated at the forward rate inherent in the contracts. Consequently, the relevant asset or liability effectively has the gain or loss on the hedging instrument embedded in its carrying value. Such gains and losses are treated as deferred until the underlying position matures.

| | Total net | | | Total net | | | Total net | | | Total net | | |
|-----------------------------------------------------------------------------------------------|--------------------|----------|-----------------|----------------|----------|-----------------|--------------------|----------|-----------------|----------------|----------|-----------------|
| | Unrecognised gains | (losses) | gains/ (losses) | Deferred gains | (losses) | gains/ (losses) | Unrecognised gains | (losses) | gains/ (losses) | Deferred gains | (losses) | gains/ (losses) |
| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | Rm | Rm | Rm | Rm | Rm | Rm |
| Gains and losses on hedges at 31 March 2000 | 1 | — | 1 | 2 | — | 2 | 7 | — | 7 | 11 | — | 11 |
| Arising in previous years included in income for the year ended 31 March 2001 | 1 | — | 1 | 2 | — | 2 | 7 | — | 7 | 11 | — | 11 |
| Arising in and not included in income for the year ended 31 March 2001 | 1 | (1) | — | — | — | — | 6 | (5) | 1 | — | — | — |
| Gains and losses on hedges at 31 March 2001 | 1 | (1) | — | — | — | — | 6 | (5) | 1 | — | — | — |
| Arising in previous years included in income for the year ended 31 March 2002 | 1 | (1) | — | — | — | — | 6 | (5) | 1 | — | — | — |
| Arising in and not included in income for the year ended 31 March 2002 | (4) | — | (4) | 9 | — | 5 | (35) | — | (35) | 93 | — | 58 |
| Gains and losses on hedges at 31 March 2002 | (4) | — | (4) | 9 | — | 5 | (35) | — | (35) | 93 | — | 58 |
| of which gains and losses expected to be included in income for the year ending 31 March 2003 | (4) | — | (4) | 9 | — | 5 | (35) | — | (35) | 93 | — | 58 |
| Gains and losses expected to be included in income thereafter | — | — | — | — | — | — | — | — | — | — | — | — |

30. Operating lease commitments

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------------------------------------------------|---------------|---------------|------------|------------|
| Land and buildings | | | | |
| Annual commitments under non-cancellable operating leases expiring: | | | | |
| Within one year | 3 | 3 | 36 | 28 |
| Between two and five years | 8 | 5 | 87 | 37 |
| Over five years | 5 | 8 | 56 | 64 |
| | 16 | 16 | 179 | 129 |
| Plant, vehicles and systems | | | | |
| Annual commitments under non-cancellable operating leases expiring: | | | | |
| Within one year | 1 | 1 | 13 | 7 |
| Between two and five years | 5 | 3 | 51 | 20 |
| Over five years | 1 | 3 | 17 | 26 |
| | 7 | 7 | 81 | 53 |

31. Commitments

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------------------------------------------|---------------|---------------|------------|------------|
| Capital commitments not provided in the financial information | | | | |
| Contracts placed for future capital expenditure | 30 | 45 | 337 | 361 |
| Expenditure authorised by the directors not yet contracted | 195 | 360 | 2,222 | 2,879 |

32. Contingent liabilities

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------------------------------------------------------------------|---------------|---------------|------------|------------|
| Guarantees to third parties provided in respect of borrowings of certain subsidiary undertakings | 3 | 2 | 35 | 17 |
| Present value of future rental payments guaranteed by subsidiary undertaking | 31 | 41 | 359 | 331 |
| Other | 13 | 14 | 143 | 110 |
| | 47 | 57 | 537 | 458 |

As a result of licences already awarded, Tsogo Sun has capital expenditure and commitments of approximately US\$137 million (R1,559 million). There are no pending casino licence applications. SAB Ltd and Southern Sun have undertaken to ensure that financing for this capital expenditure is available.

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 not provided for deferred UK income and foreign withholding taxes relating to unremitted earnings of overseas subsidiary undertakings, as remittance of these earnings is not currently anticipated in the foreseeable future.

33. 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. Pension and post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The projected unit method is applied to measure the defined benefit schemes' liabilities.

The group also provides medical benefits, which are mainly unfunded, for retired employees and their dependants in South Africa. The main assumptions used in calculating the costs were an annual discount rate of 13%, consumer inflation of 10% and medical cost inflation of 11%. The last valuation was performed on 31 March 2001.

The pension and post-retirement medical benefit costs for the years ended 31 March 2002 and 31 March 2001 are as follows:

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-----------------------------------------|---------------|---------------|------------|------------|
| Defined contribution scheme costs | 18 | 14 | 170 | 108 |
| Defined benefit scheme costs | 4 | 4 | 37 | 28 |
| Post-retirement medical benefits costs | 6 | 4 | 58 | 26 |
| Pension pre-payments | — | — | 1 | — |
| Pension accruals | 13 | 8 | 146 | 65 |
| Provisions for pensions | 3 | 4 | 36 | 35 |
| Provisions for post-retirement benefits | 16 | 18 | 186 | 142 |

The group operates various defined contribution and defined benefit schemes. Details of the main defined contribution scheme is provided below:

33. Pensions and post-retirement benefits *(continued)***The South African Breweries Staff Provident Fund**

During the financial year ending 31 March 1998, the South African Breweries Pension Fund was liquidated. Members of this fund were converted from a defined benefit basis to a defined contribution basis and transferred to the South African Breweries Staff Provident Fund. On transfer to the Provident Fund, members received an enhancement of 27% of their actuarial reserve value. The market value of assets as at 1 December 1997 was US\$288 million (R1,404 million). The liquidation of the pension fund was approved by the Financial Services Board of South Africa and the transfer of assets was substantially completed on 31 July 1998. At the liquidation date an actuarial valuation of the pension fund indicated an estimated surplus to the employer of approximately US\$55 million (R310 million). The main assumptions used in the calculation of the defined benefit liabilities and to calculate the variation cost in accordance with SSAP 24 – ‘Accounting for pensions costs’ were a long-term investment return of 15% per annum and a real return in excess of salary inflation of approximately 1% per annum on average. The level of funding, being the actuarial value of assets expressed as a percentage of the accrued service liabilities, calculated at the liquidation date, was approximately 128%. The surplus has been transferred to the Staff Provident Fund and is held separately from members’ assets as an employer reserve. In terms of the rules of the fund, this employer reserve is currently being used to fund a contribution holiday. In accordance with SSAP 24, the benefit of this contribution holiday is to be spread over the period of the average future working lives of the employees, estimated to be 10 years.

The ABI Pension Fund

The latest valuation of the ABI Pension Fund was carried out at 1 January 2001 by an independent actuary using the projected unit method. The main assumptions were a price inflation of 10% per annum, a long-term investment return of 12.5% per annum, rate of salary inflation of 10% per annum and a pension inflation of 8% per annum. The latest actuarial valuation revealed a surplus of US\$10 million (R111 million) in the actuarial value of the assets of US\$28 million (R316 million) compared to the actuarial value of the liabilities. This represents a funding level of 154%. The market value of assets at 1 January 2001 was US\$33 million (R375 million).

The above valuation was updated to 31 March 2002 by a qualified independent actuary. The major assumptions used were:

| | |
|---------------------------|-------|
| Rate of salary inflation | 9.5% |
| Rate of pension inflation | 8.1% |
| Discount rate | 13.0% |
| Inflation assumption | 8.0% |

The assets in the scheme and the expected rate of return were:

| | US\$m | Rm | Long-term rate of return |
|-----------------------------------------|-------|-------|--------------------------------|
| Equities | 23 | 259 | 15.0% |
| Bonds | 5 | 53 | 13.0% |
| Cash | 2 | 23 | 11.0% |
| Property and other | 1 | 14 | 15.0% |
| International equities | 11 | 126 | 15.0% |
| Total market value of assets | 42 | 475 | |
| Present value of scheme liabilities | (17) | (191) | |
| Surplus in the scheme | 25 | 284 | |
| Unrecognised pension asset due to limit | (25) | (284) | |
| Pension asset recognised | — | — | |

The pension asset recognised must be limited to the extent that the employer is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The limit has been set equal to nil as the surplus apportionment exercise required in terms of the new SA legislation has not yet been performed.

34. Related party transactions

The group through its wholly owned subsidiary, Southern Sun Gaming Investments (Pty) Ltd (SSGI) has a 50% interest in Tsogo Sun Holdings (Pty) Ltd (Tsogo Sun), a company formed in conjunction with Tsogo Investment Holdings (Pty) Ltd (TI) to pursue opportunities in the South African gaming industry. The group has a number of arrangements in place with Tsogo Sun, which are related party in nature.

Under terms of a technical and management assistance agreement dated 30 August 1996 between Tsogo Sun and Southern Sun, Southern Sun is entitled to charge casino licence application fees of between US\$30,000 and US\$50,000 per application, for assistance in advising on casino applications. In addition Southern Sun is entitled to charge Tsogo Sun a consultancy fee of 2% to 2.5% of budgeted capital expenditure costs (excluding land and capitalised interest) on casino resort facilities that are being developed. Furthermore, Southern Sun Hotel Interests (Pty) Ltd receives a management fee based on turnover and gross operating profit for providing hotel management services for casino hotels owned by Tsogo Sun and food and beverage facilities related to its casino operations.

ABSA Bank Ltd (ABSA) has agreed to provide a series of facilities to Tsogo Sun and its shareholders, comprising:

- US\$61 million (R700 million), of which US\$33 million (R374 million) had been drawn down at 31 March 2002 (2001: US\$38 million (R300 million)), to assist TI and other empowerment shareholders to invest in Tsogo Sun and its subsidiary companies. This facility has been guaranteed by SAB Ltd;
- US\$61 million (R700 million) which had been fully drawn down at 31 March 2002 (2001: US\$86 million (R690 million)) to Tsogo Sun to fund the development of its casino land and buildings requirements. This facility is unsecured and subject to the achievement of certain debt equity and lease/interest cover covenants, failing which SAB is obliged to procure the repair of such covenants.

The award of the Durban Zone 1 licence to Tsogo Sun KwaZulu-Natal (Pty) Ltd (TS-KZN) a subsidiary of Tsogo Sun, which was subject to a legal dispute has been resolved. An agreement with Durban Add Ventures (Pty) Ltd (DAV) has been concluded in terms of which, DAV will acquire 40% of TS-KZN. The total project cost amounts to US\$120 million (R1,366 million). Consequently SABSA Holdings (Pty) Ltd (SABSA) is required to procure 60% (US\$72 million (R820 million)) of the funding, while DAV and its primary shareholder Johnnic Ltd (Johnnic) are required to procure funding for the remaining 40% (US\$48 million (R546 million)).

In this regard Investec Bank Ltd has agreed to provide certain facilities to TS-KZN subject to various levels of support from SABSA and Johnnic:

- US\$53 million (R600 million) as a bridging finance facility to fund the equity commitments of the shareholders to the Durban development, for a period of up to four years. This facility is 60% guaranteed by SAB (US\$32 million (R360 million)) and 40% by Johnnic (US\$21 million (R240 million)), until such time as the facility is repaid and the equity contributions of the shareholders are injected into TS-KZN;
- US\$53 million (R600 million) as a senior debt facility to fund various assets of the Durban development. SABSA and Johnnic have entered into a 'sponsor support agreement' in terms of which they will undertake that only if the licence is suspended, withdrawn or not renewed as a result of the conduct of TS-KZN, the sponsors will, in the ratio 60:40, at their election, either assume the obligations of TS-KZN in respect of the senior debt facility; or pay Investec any shortfall in the repayment of the debt owing by TS-KZN to Investec in respect of the senior debt facility that may arise after realisation of Investec's security of TS-KZN's assets;
- The remaining development costs of US\$14 million (R166 million) are to be funded by cash flows generated from the development in the initial years of operation. To the extent that the cash flow generated is not sufficient to meet the outstanding development costs, the shareholders of TS-KZN will be required to procure the remaining funding requirements in terms of their commitments to the KwaZulu-Natal Gambling Board.

Nedcor Bank Ltd has provided a guarantee to the Eastern Cape Gambling and Betting Board in respect of commitments for a licence awarded to the Tsogo Sun Emonti (Pty) Ltd, a subsidiary of Tsogo Sun, amounting to US\$13 million (R147 million) at 31 March 2002 (2001: US\$25 million (R200 million)) subject to a Southern Sun counter guarantee.

SAB has guaranteed the lease commitments of Tsogo Sun in respect of the Sandton Convention Centre, which are based on a total capital cost of US\$28 million (R320 million) (2001: US\$40 million (R320 million)).

In return for its guarantees the SAB group earns an annual fee of between 1.35% and 2% based on the outstanding capital amount drawn down under the related facility during the year.

Southern Sun Holdings Ltd has provided a variety of guarantees totalling US\$5 million (R55 million) (2001: US\$7 million (R55 million)) to Nedbank and the Mpumalanga Gaming Board, for a 2% fee in respect of the financing of the Nelspruit and Witbank permanent facilities, and guarantees in relation to gaming taxes and jackpots for the Montecasino. In addition Southern Sun Holdings has guaranteed the lease commitments of Tsogo Sun in respect of the Express by Holiday Inn Century City hotel, which are based on a capital cost of US\$3 million (R36 million) (2001: US\$4 million (R34 million)).

Inter-group loans between Southern Sun and Tsogo Sun exist, with such loans attracting interest at market related rates. Southern Sun has provided loans to the Tsogo Sun group of US\$35 million (R394 million) at 31 March 2002 (2001: US\$41 million (R327 million)). Interest received by Southern Sun on these loans amounted to US\$5 million (R50 million) during the year ended 31 March 2002 (2001: US\$3 million (R25 million)).

The group also has related party transactions with its associated undertaking Coca-Cola Canners (Pty) Ltd (Coca-Cola Canners). During the year the group, through its subsidiary ABL, purchased from Coca-Cola Canners canned Coca-Cola products for resale totalling US\$88 million (R851 million) (2001: US\$112 million (R819 million)). As at 31 March 2002 ABL owed US\$7 million (R77 million) (2001: US\$7 million (R56 million)) to Coca-Cola Canners.

35. Ordinary shareholding analyses

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 31 March 2002:

| | Number of shareholders | Percentage of share capital |
|---------------------------------------|---------------------------|--------------------------------|
| Portfolio size | | |
| 1 – 1 000 | 15,177 | 0.54 |
| 1 001 – 10 000 | 5,832 | 2.05 |
| 10 001 – 100 000 | 1,216 | 4.78 |
| 100 001 and over | 602 | 92.63 |
| | 22,827 | 100.00 |
| Category | | |
| Individuals | 19,865 | 9.33 |
| Pension and provident funds | 184 | 4.91 |
| Banks, nominees and finance companies | 1,627 | 51.52 |
| Trust funds and investment companies | 666 | 21.11 |
| Other corporate entities | 485 | 13.13 |
| | 22,827 | 100.00 |

The recently introduced JSE STRATE CSDP system is still being refined in regard to sector and code class and as a result the above analysis should be treated as indicative only.

According to information received by the directors, the following are the only shareholders beneficially holding, directly or indirectly, at 31 March 2002 and 22 May 2002 respectively, in excess of 3% of the share capital having normal voting rights:

| | 22 May 2002 % | 31 March 2002 % | 31 March 2001 % |
|---------------------------------------------------------------------------|---------------------|--------------------------------|-----------------------|
| Brandes Investment Partners | 9.1 | 7.2 | 5.8 |
| First National Nominees (Pty) Ltd | 2.2 | 2.9 | 3.8 |
| Liberty Group Ltd | 3.2 | 3.4 | 8.4 |
| Nedcor Bank Nominees (Pty) Ltd | 5.6 | 6.5 | 7.4 |
| Public Investment Commission | 8.1 | 7.8 | 9.4 |
| South African Mutual Life Assurance Society & Subsidiaries ('Old Mutual') | 3.9 | 3.8 | 5.3 |
| Suid-Afrikaanse Nasionale Lewensassuransie Maatskappy ('Sanlam') | 6.6 | 5.8 | 6.7 |
| Standard Bank Nominees (Tvl) (Pty) Ltd* | 18.8 | 18.8 | 23.6 |

*Includes ADR's

Certain of the major shareholders' shareholdings were partially included in the nominee company totals as given and have been excluded from these totals. No other beneficial nominee holders are entitled to shares exceeding 3% of the issued share capital.

36. Post-balance sheet events**Africa**

On 14 May 2002 the group announced a restructure of its East African interests.

North America

On 30 May 2002, SAB plc (SAB) announced that it had entered into an agreement with Philip Morris Companies Inc. (Philip Morris) under which SAB will acquire 100% of Miller Brewing Company (Miller). In consideration, SAB will issue to Philip Morris 430 million shares, which implied an enterprise valuation of Miller of US\$4,993 million, including net debt of US\$2,000 million. This was based on the closing middle-market price as at 14 March 2002, the last date prior to the market speculation that SAB was in discussions with Philip Morris regarding Miller. It was proposed that SAB will be renamed SABMiller plc (SABMiller).

The shares to be issued to Philip Morris comprise two classes of equity capital; ordinary shares and unlisted participating shares. The total of these shares will be equivalent to an economic interest of 36.03% (excluding the shares owned by Safari Ltd) in the enlarged issued share capital of SABMiller. Philip Morris' total voting rights have been capped at 24.99% of the votes exercisable at a general meeting.

Full details can be found in the two announcements.

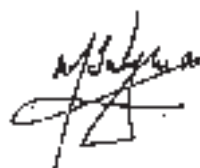
Balance Sheets of South African Breweries plc at 31 March

| | Notes | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|--------------------------------------------------------|-------|---------------|---------------|---------------|------------|
| Fixed assets | | | | | |
| Investments in subsidiary undertakings | (i) | 1,947 | 1,439 | 22,199 | 11,510 |
| Tangible assets | | — | 3 | — | 22 |
| Other fixed asset investments | | — | 1 | 4 | 8 |
| | | 1,947 | 1,443 | 22,203 | 11,540 |
| Current assets | | | | | |
| Debtors | | 7 | 5 | 78 | 44 |
| Cash at bank and in hand | | 1 | 1 | 7 | 7 |
| | | 8 | 6 | 85 | 51 |
| Creditors – amounts falling due within one year | | | | | |
| | (ii) | (742) | (152) | (8,456) | (1,212) |
| Amounts owed by group undertakings | | | | | |
| | | 464 | 199 | 5,292 | 1,592 |
| Net current (liabilities)/assets | | | | | |
| | | (270) | 53 | (3,079) | 431 |
| Net assets | | | | | |
| | | 1,677 | 1,496 | 19,124 | 11,971 |
| Capital and reserves | | | | | |
| Share capital | 23 | 84 | 77 | 553 | 480 |
| Share premium | 24 | 1,371 | 1,367 | 8,494 | 8,450 |
| Profit and loss reserve | | 222 | 52 | 10,077 | 3,041 |
| Capital employed | | | | | |
| | (iii) | 1,677 | 1,496 | 19,124 | 11,971 |
| Profit attributable to ordinary shareholders | | | | | |
| | | (14) | 242 | (134) | 1,773 |

This balance sheet was approved by the directors on 17 June 2002.



Graham Mackay
Chief Executive



Malcolm Wyman
Chief Financial Officer

Advantage has been taken of the provisions of section 230(3) of the Companies Act, 1985, not to produce a separate profit and loss account for South African Breweries plc.

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------------|---------------|---------------|------------|------------|
| (i) Investment in subsidiary undertakings | | | | |
| Opening balance | 1,439 | 1,439 | 16,401 | 11,510 |
| Additions | 1,947 | — | 22,199 | — |
| Disposal | (1,439) | — | (16,401) | — |
| Closing balance | 1,947 | 1,439 | 22,199 | 11,510 |
| Subsidiary companies | | | | |
| South African Breweries Holdings Ltd ⁽¹⁾ | 1,695 | — | 19,330 | — |
| SAB Management Services Ltd ⁽²⁾ | 250 | — | 2,850 | — |
| SAB Ltd ⁽³⁾ | 2 | — | 19 | — |
| South African Breweries Finance (Jersey) Ltd ⁽⁴⁾ | — | — | — | — |
| SAB Finance (Cayman Islands) Ltd ⁽⁵⁾ | — | — | — | — |
| South African Breweries International (Finance) BV ⁽⁶⁾ | — | 1,439 | — | 11,510 |
| | 1,947 | 1,439 | 22,199 | 11,510 |

Notes:
Country of incorporation

(1) England

(2) England

(3) England

Principal activity

Group holding company

Management services to fellow group companies

Holding company

Country of incorporation

(4) Jersey, Channel Islands

(5) Cayman Islands

(6) Netherlands

Principal activity

Finance company

Finance company

Holding company

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|-------------------------------------------------------------|---------------|---------------|------------|------------|
| (ii) Creditors – amounts falling due within one year | | | | |
| Amounts owed to group undertakings | 577 | — | 6,577 | 1 |
| Other creditors | 7 | 6 | 77 | 53 |
| Payroll related creditor | 2 | 2 | 24 | 12 |
| Dividends payable to shareholders | 156 | 144 | 1,778 | 1,146 |
| | 742 | 152 | 8,456 | 1,212 |

| | 2002 US\$m | 2001 US\$m | 2002 Rm | 2001 Rm |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|------------|------------|
| (iii) Reconciliation of movements in shareholder funds | | | | |
| (Loss)/profit for the financial year | (14) | 242 | (134) | 1,773 |
| Dividends declared | (206) | (194) | (2,001) | (1,421) |
| | (220) | 48 | (2,135) | 352 |
| Profit on redemption of redeemable preference shares held in subsidiary company | 390 | (3) | 3,784 | (22) |
| Currency translation differences on foreign currency net investments | — | — | 5,387 | 2,160 |
| Net proceeds of ordinary shares issued for cash | 4 | 3 | 44 | 23 |
| Nominal value of shares issued for acquisition of preference shares in South African Breweries Finance (Jersey) Ltd | 7 | — | 73 | — |
| Net increase in shareholders' funds | 181 | 48 | 7,153 | 2,513 |
| Shareholders' funds at start of year | 1,496 | 1,448 | 11,971 | 9,458 |
| Shareholders' funds at end of year | 1,677 | 1,496 | 19,124 | 11,971 |

Principal Subsidiary Undertakings

The principal subsidiary undertakings of the group are as follows:

| Name | Country of incorporation | Principal activity | Effective interest in ordinary share capital | |
|----------------------------------------------------------------|--------------------------|-----------------------------------|----------------------------------------------|------|
| | | | 2002 | 2001 |
| Central administration | | | | |
| South African Breweries International (Finance) BV | Netherlands | Group holding and finance company | 100% | 100% |
| SABSA Holdings (Pty) Ltd | South Africa | Holding company | 100% | 100% |
| SABI | | | | |
| South African Breweries International BV | Netherlands | Holding company | 100% | 100% |
| SABI – European operations | | | | |
| South African Breweries International (Europe) BV | Netherlands | Holding company | 100% | 100% |
| Bere Timisoreana SA | Romania | Brewing | 96% | — |
| Compania Cervecera de Canarias SA | Spain | Brewing | 51% | 51% |
| Dreher Sörgyarak Rt | Hungary | Brewing | 99% | 99% |
| Kaluga Brewery Company OOO | Russia | Brewing | 100% | 100% |
| Kompania Piwowarska SA ⁽⁶⁾ | Poland | Brewing | 72% | 69% |
| Pivovar Šariš AS | Slovakia | Brewing | 98% | 98% |
| Pizeňský Prazdroj as | Czech Republic | Brewing | 98% | 98% |
| SC Ursus SA | Romania | Brewing | 95% | 95% |
| SABI – African operations | | | | |
| South African Breweries International (Africa) BV | Netherlands | Holding company | 62% | 100% |
| Antler Corporation BV | Netherlands | Holding company | 62% | 100% |
| Accra Brewery Ltd ⁽¹⁾ | Ghana | Brewing/CSD's | 43% | 69% |
| Bebidas Tradicionais de Moçambique SARL | Mozambique | Sorghum brewing | 62% | 100% |
| Botswana Breweries (Pty) Ltd | Botswana | Sorghum brewing | 29% | 47% |
| Castle Brewing Kenya Ltd ⁽⁵⁾ | Kenya | Brewing | 54% | 87% |
| Cervejas de Moçambique SARL ⁽¹⁾ | Mozambique | Brewing | 49% | 65% |
| Coca-Cola Bottling Luanda SARL ⁽⁵⁾ | Angola | CSD's | 28% | — |
| Coca-Cola Bottling Sul de Angola SARL | Angola | CSD's | 37% | — |
| Chibuku Products Ltd | Malawi | Sorghum brewing | 31% | 50% |
| Kgalagadi Breweries (Pty) Ltd | Botswana | Brewing/CSD's | 29% | 47% |
| Lesotho Brewing Company (Pty) Ltd | Lesotho | Brewing/CSD's | 24% | 39% |
| National Breweries plc ⁽¹⁾ | Zambia | Brewing | 43% | 70% |
| Nile Breweries Ltd | Uganda | Brewing | 59% | 40% |
| Swaziland Brewers Ltd ⁽⁴⁾ | Swaziland | Brewing | 37% | 60% |
| Tanzania Breweries Ltd ⁽¹⁾ | Tanzania | Brewing | 41% | 66% |
| Zambia Breweries plc ⁽¹⁾ | Zambia | Brewing | 56% | 90% |
| SABI – Asian operations | | | | |
| South African Breweries International (Asia) BV ⁽⁷⁾ | Netherlands | Holding company | 100% | 100% |
| Mysore Breweries Ltd | India | Brewing | 82% | — |
| Narang Breweries (Pvt) Ltd | India | Brewing | 85% | 60% |
| SABI – Central American operations | | | | |
| Bevco Ltd ⁽⁸⁾ | British Virgin Islands | Holding company | 58% | — |
| Industrias Cristal, S.A. | El Salvador | Water/Bottler | 58% | — |
| Corcho y Lata, S.A. | El Salvador | Plastic/Packaging | 58% | — |
| La Constancia, S.A. | El Salvador | Brewing | 58% | — |
| Embotelladora Salvadoreña, S.A. | El Salvador | CSD's/Bottler | 78% | — |
| Cerveceria Hondureña, S.A. | Honduras | Brewing/CSD's | 57% | — |

| Name | Country of incorporation | Principal activity | Effective interest in ordinary share capital | |
|----------------------------------------------------|--------------------------|-----------------------------|----------------------------------------------|------|
| | | | 2002 | 2001 |
| Beer South Africa⁽²⁾ | | | | |
| The South African Breweries Ltd ⁽²⁾ | South Africa | Brewing and holding company | 100% | 100% |
| South African Breweries Hop Farms (Pty) Ltd | South Africa | Hop farming | 100% | 100% |
| Southern Associated Maltsters (Pty) Ltd | South Africa | Maltsters | 100% | 100% |
| Other Beverage Interests | | | | |
| Other Beverage Interests (Pty) Ltd | South Africa | Holding company | 100% | 100% |
| Amalgamated Beverage Industries Ltd ⁽¹⁾ | South Africa | Beverages | 74% | 74% |
| Appletiser South Africa (Pty) Ltd | South Africa | Fruit juices and water | 100% | 100% |
| Traditional Beer Investments (Pty) Ltd | South Africa | Sorghum brewing | 100% | 100% |
| Hotels and Gaming | | | | |
| Southern Sun Holdings Ltd | South Africa | Holding company | 100% | 100% |
| Southern Sun Hotel Interests (Pty) Ltd | South Africa | Hotels | 100% | 100% |
| Southern Sun Gaming Investments (Pty) Ltd | South Africa | Gaming investments | 100% | 100% |

Notes:

(1) Listed in country of incorporation.

(2) When the operations and assets of the South African Beer Division were a part of SAB Ltd, they were held as a division of that company. Following the restructuring, these operations and assets were incorporated into a corporate legal entity, The South African Breweries Ltd.

(3) SABI Africa has a 86% shareholding and holds an additional 1% by proxy.

(4) During the 2001 financial year the operations of Swaziland Beverages (Pty) Ltd were combined with those of Swaziland Brewers Ltd, resulting in Swaziland Beverages (Pty) Ltd being a dormant company.

(5) SABI Africa has a 45% interest in Coca-Cola Bottling Luanda combined with a management agreement which gives SAB effective control over the company.

(6) The group's holding in Kompania Piwowarska SA ('KP') at 31 March 2001 is indirectly held through two 100% subsidiary undertakings, Windjammer Investments BV and Lech Holdings BV, which own directly and indirectly 72% of KP.

(7) This company holds a 49% interest in China Resources Breweries Ltd – see the table for associated undertakings.

(8) Voting rights are different from the nominal interest. A 50% voting right can be exercised. Control vests in SAB plc by virtue of a management agreement.

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. 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 was less than 50%, the basis on which the undertaking is a subsidiary undertaking of the group is as follows:

Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd

The group holds a 40% interest in each of Botswana Breweries (Pty) Ltd and Kgalagadi Breweries (Pty) Ltd with the remaining 60% interest in each held by Sechaba Brewery Holdings Ltd. The group's shares entitle the holder to twice the voting rights of those shares held by Sechaba Brewery Holdings Ltd. The group's additional 7% indirect interest (acquired during the year) is held via an 11% interest in Sechaba Brewery Holdings Ltd.

Lesotho Brewing Company (Pty) Ltd ('Lesotho Brewing')

SABI Africa holds a 39% interest in Lesotho Brewing with the remaining interest held by a government authority, the Lesotho National Development Corporation (51%), and the Commonwealth Development Corporation (10%). Lesotho Brewing is treated as a subsidiary undertaking based on the group's ability actually to exercise dominant influence over its operations through its board representation. The day to day business operations are managed in accordance with a management agreement with Bevman Services AG, a group company.

SABI – African operations

The decrease in effective ordinary share capital during the year was a function of the disposal of 38% of SABI Africa BV on 1 April 2001.

Associated undertakings

The principal associated undertakings of the group are set out below. Where the group's interest in an associated undertaking 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 | Principal activity | Effective interest in ordinary share capital | |
|-----------------------------------------------------------------------------------|--------------------------|-----------------------------------|----------------------------------------------|------|
| | | | 2002 | 2001 |
| SABI – African operations | | | | |
| Delta Corporation Ltd ^{(1) (6)} | Zimbabwe | Brewing and diversified interests | 16% | 23% |
| Société des Brasseries et Glacières Internationales | France | Brewing/CSD's | 20% | — |
| Brasseries Internationales Holding Ltd | Gibraltar | Brewing/CSD's | 20% | — |
| SABI – Asian operations | | | | |
| China Resources Breweries Ltd, which holds the following subsidiary undertakings: | British Virgin Islands | Holding company | 49% | 49% |
| China Resources (Anhui) Brewery Co Ltd ⁽²⁾ | China | Brewing | 49% | 49% |
| China Resources (Anshan) Brewery Co Ltd ⁽²⁾ | China | Brewing | 44% | 44% |
| China Resources (Blue Sword) Brewery Co Ltd ⁽²⁾⁽⁵⁾ | China | Brewing | 30% | — |
| China Resources (Chang Chun) Brewery Co Ltd ⁽²⁾ | China | Brewing | 42% | — |
| China Resources (Dalian Banchuidao) Brewery Co Ltd ⁽²⁾ | China | Brewing | 39% | — |
| China Resources (Dalian) Brewery Co Ltd ⁽²⁾ | China | Brewing | 49% | 49% |
| China Resources (Heilongjiang) Brewery Co Ltd ⁽²⁾ | China | Brewing | 34% | — |
| China Resources (Jilin) Brewery Co Ltd ⁽²⁾ | China | Brewing | 44% | 44% |
| China Resources (Liaoyang) Brewery Co Ltd ⁽²⁾ | China | Brewing | 29% | — |
| China Resources (Shenyang) Snowflake Beer Co Ltd ⁽²⁾ | China | Brewing | 44% | 44% |
| China Resources (Tianjin) Brewery Co Ltd ⁽²⁾ | China | Brewing | 45% | 45% |
| China Resources (Wanghua) Brewery Co Ltd ⁽²⁾ | China | Brewing | 39% | 39% |
| China Resources Food and Beverage (Chengdu) Co Ltd ⁽²⁾ | China | Bottled water | 49% | 49% |
| China Resources Food and Beverage (Shenzhen) Co Ltd ⁽²⁾ | China | Soya milk | 49% | 49% |
| Shenyang Hwa-Jeng Winery Brewery Ltd ⁽²⁾ | China | Brewing | 44% | 44% |
| Shenzhen C'est Bon Food and Drink Co Ltd ⁽²⁾ | China | Bottled water | 49% | 49% |

| Name | Country of incorporation | Principal activity | Effective interest in ordinary share capital | |
|--------------------------------------------|--------------------------|----------------------|----------------------------------------------|------|
| | | | 2002 | 2001 |
| Other Beverage Interests | | | | |
| Coca-Cola Canners (Pty) Ltd ⁽³⁾ | South Africa | Canning of beverages | 24% | 24% |
| Distell Group Ltd ^{(1) (4)} | South Africa | Wines and spirits | 30% | 30% |
| Hotels and Gaming | | | | |
| Cullinan Hotels (Pty) Ltd | South Africa | Hotels | 50% | 50% |
| Hotel Formule 1 (Pty) Ltd | South Africa | Hotels | 47% | 47% |
| Tsogo Sun Holdings (Pty) Ltd | South Africa | Casinos | 50% | 50% |

Notes:

(1) Listed in country of incorporation.

(2) China Resources Breweries Ltd, the group's 49% owned associated undertaking, holds between 60% and 100% of these companies.

(3) Amalgamated Beverage Industries Ltd, the group's 74% owned subsidiary undertaking, holds 32% of this company.

(4) Distillers Corporation (SA) Ltd and Stellenbosch Farmer's Winery Group Ltd merged in November 2000 and the name was changed to Distell Group Ltd in March 2001.

(5) China Resources (Blue Sword) Brewery Co Ltd has 12 operating subsidiaries, including China Resources (Mianyang) Brewery Co Ltd.

(6) Delta Corporation Ltd is held by SABI (Africa) BV which is held 62% by SABI (Africa and Asia) BV.

The principal country in which each of the above associated undertakings operates is the same as the country in which each is incorporated except for Société des Brasseries et Glacières Internationales and Brasseries Internationales Holding Ltd whose principal business is in Africa.

| | 1998* | 1999* | 2000* | 2001 Restated | 2002 | 1998* | 1999* | 2000* | 2001 Restated | 2002 |
|------------------------------------------------------------------|----------------|----------------|----------------|------------------|----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | US\$m | US\$m | US\$m | US\$m | US\$m | Rm | Rm | Rm | Rm | Rm |
| Income statements | | | | | | | | | | |
| Turnover (including associates' share) | 5,877 | 6,184 | 5,424 | 4,184 | 4,364 | 28,205 | 36,364 | 33,355 | 30,689 | 42,373 |
| Turnover (excluding associates' share) | 5,028 | 4,923 | 4,390 | 3,624 | 3,717 | 24,130 | 28,950 | 27,007 | 26,584 | 36,097 |
| Operating profit (including associates' share) | 707 | 717 | 844 | 700 | 704 | 3,394 | 4,213 | 5,196 | 5,132 | 6,835 |
| Net interest payable | (59) | (117) | (80) | (54) | (98) | (284) | (683) | (492) | (395) | (956) |
| Taxation | (211) | (195) | (186) | (195) | (208) | (1,010) | (1,145) | (1,145) | (1,430) | (2,021) |
| Minorities | (59) | (85) | (94) | (99) | (105) | (284) | (501) | (580) | (729) | (1,020) |
| Profit for the year | 378 | 320 | 484 | 352 | 293 | 1,816 | 1,884 | 2,979 | 2,578 | 2,838 |
| Adjusted earnings | 410 | 394 | 426 | 372 | 350 | 1,973 | 2,306 | 2,623 | 2,726 | 3,395 |
| Balance sheets | | | | | | | | | | |
| Fixed assets | 2,204 | 2,600 | 3,510 | 3,667 | 4,758 | 11,110 | 16,118 | 22,924 | 29,332 | 54,238 |
| Current asset inv/cash at bank and in hand | 602 | 749 | 316 | 218 | 290 | 3,031 | 4,640 | 2,063 | 1,746 | 3,307 |
| Other current assets | 1,006 | 913 | 558 | 514 | 643 | 5,071 | 5,662 | 3,644 | 4,109 | 7,325 |
| Total assets | 3,812 | 4,262 | 4,384 | 4,399 | 5,691 | 19,212 | 26,420 | 28,631 | 35,187 | 64,870 |
| Interest bearing debt | (1,052) | (953) | (602) | (1,053) | (1,535) | (5,300) | (5,909) | (3,933) | (8,429) | (17,497) |
| Other creditors and provisions | (1,604) | (1,445) | (1,223) | (1,054) | (1,102) | (8,084) | (8,954) | (8,054) | (8,425) | (12,557) |
| Total liabilities | (2,656) | (2,398) | (1,825) | (2,107) | (2,637) | (13,384) | (14,863) | (11,987) | (16,854) | (30,054) |
| Net assets | 1,156 | 1,864 | 2,559 | 2,292 | 3,054 | 5,828 | 11,557 | 16,644 | 18,333 | 34,816 |
| Shareholders' funds | 1,098 | 1,703 | 2,161 | 2,006 | 2,309 | 5,536 | 10,556 | 14,042 | 16,051 | 26,323 |
| Equity minority interests | 58 | 161 | 398 | 286 | 745 | 292 | 1,001 | 2,602 | 2,282 | 8,493 |
| Capital employed | 1,156 | 1,864 | 2,559 | 2,292 | 3,054 | 5,828 | 11,557 | 16,644 | 18,333 | 34,816 |
| Cash flow statements | | | | | | | | | | |
| EBITDA | 907 | 933 | 917 | 854 | 904 | 4,362 | 5,489 | 5,646 | 6,261 | 8,778 |
| Working capital movements | 14 | (45) | (53) | 5 | 71 | 60 | (269) | (336) | 37 | 685 |
| Net cash inflow from operating activities | 921 | 888 | 864 | 859 | 975 | 4,422 | 5,220 | 5,310 | 6,298 | 9,463 |
| Net interest and dividends | (55) | (119) | (82) | (93) | (158) | (267) | (695) | (505) | (680) | (1,534) |
| Taxation | (160) | (166) | (175) | (179) | (179) | (762) | (975) | (1,075) | (1,310) | (1,738) |
| Net capital expenditure | 706 | 603 | 607 | 587 | 638 | 3,393 | 3,550 | 3,730 | 4,308 | 6,191 |
| Net investments | (374) | (544) | (401) | (331) | (250) | (1,795) | (3,198) | (2,466) | (2,430) | (2,426) |
| Net acquisition of subsidiaries and associates | (21) | (1) | (569) | 7 | (49) | (100) | (4) | (3,509) | 51 | (476) |
| Net acquisition of subsidiaries and associates | (251) | (273) | 30 | (700) | (768) | (1,205) | (1,558) | 190 | (5,134) | (7,459) |
| Net cash surplus/(shortfall) | 60 | (215) | (333) | (437) | (429) | 293 | (1,210) | (2,055) | (3,205) | (4,170) |
| Management of liquid resources | (152) | (419) | 503 | 64 | 19 | (732) | (2,466) | 3,102 | 471 | 188 |
| Net cash inflow from financing | 57 | 256 | 72 | 491 | 699 | 283 | 1,371 | 433 | 3,601 | 6,790 |
| Dividends paid | n/a | n/a | (50) | (177) | (173) | n/a | n/a | (309) | (1,300) | (1,683) |
| (Decrease)/increase in cash in the year | (35) | (378) | 192 | (59) | 116 | (156) | (2,305) | 1,181 | (433) | 1,125 |
| Performance per ordinary share (US/SA cents per share) | | | | | | | | | | |
| Basic earnings | 52.1 | 43.9 | 64.3 | 50.4 | 40.7 | 249.9 | 258.1 | 395.6 | 369.8 | 395.0 |
| Diluted earnings | n/a | 43.8 | 64.1 | 50.3 | 40.3 | n/a | 257.6 | 394.7 | 368.7 | 390.9 |
| Adjusted basic earnings | 56.6 | 54.0 | 56.6 | 53.3 | 48.7 | 271.4 | 315.9 | 348.4 | 390.9 | 472.5 |
| Net asset value | 151.0 | 220.1 | 279.3 | 258.9 | 274.6 | 761.5 | 1,364.4 | 1,814.9 | 2,071.1 | 3,130.3 |
| Share statistics | | | | | | | | | | |
| Total number of shares (million) | 727.0 | 773.7 | 774.3 | 775.0 | 840.9 | | | | | |
| Weighted average number of shares (million) | 727.0 | 729.9 | 752.8 | 697.1 | 718.5 | | | | | |
| Weighted average number of shares (diluted) (million) | n/a | 731.3 | 754.8 | 699.4 | 766.6 | | | | | |
| Returns and productivity | | | | | | | | | | |
| Return on equity (%) | 37.3 | 23.1 | 19.7 | 18.5 | 15.2 | | | | | |
| Operating margin (%) | 13.0 | 13.2 | 14.6 | 16.7 | 16.1 | | | | | |
| Cash operating margin (%) | 18.0 | 19.9 | 20.9 | 23.6 | 24.3 | | | | | |
| Operating return (%) | 47.7 | 45.1 | 47.1 | 42.6 | 37.5 | | | | | |
| Cash operating return (%) | 28.6 | 24.7 | 25.8 | 22.2 | 17.9 | | | | | |
| Group turnover per employee (US\$000's) | 101.7 | 100.3 | 91.3 | 115.7 | 111.9 | | | | | |
| Average monthly number of employees | 49,431 | 49,099 | 48,079 | 31,327 | 33,230 | | | | | |
| Solvency and liquidity | | | | | | | | | | |
| Net interest cover (times) | 13.0 | 7.4 | 9.9 | 13.0 | 7.2 | | | | | |
| Total borrowings to total assets (%) | 27.6 | 22.4 | 13.7 | 23.9 | 27.0 | | | | | |
| Cash flow to total borrowings (%) | 87.5 | 93.2 | 143.5 | 81.6 | 63.5 | | | | | |

*Partial deferred tax basis
n/a - not available

| | Turnover | | | | | Operating profit | | | | |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| | 1998 US\$m | 1999 US\$m | 2000 US\$m | 2001 US\$m | 2002 US\$m | 1998 US\$m | 1999 US\$m | 2000 US\$m | 2001 US\$m | 2002 US\$m |
| Business segment analysis | | | | | | | | | | |
| SABI Europe | n/a | n/a | n/a | 1,097 | 1,280 | n/a | n/a | n/a | 130 | 168 |
| SABI Africa and Asia | n/a | n/a | n/a | 700 | 946 | n/a | n/a | n/a | 130 | 162 |
| SABI Central America | — | — | — | — | 186 | — | — | — | — | 7 |
| SABI | 1,258 | 1,352 | 1,474 | 1,797 | 2,412 | 165 | 190 | 199 | 260 | 337 |
| Beer South Africa | 1,804 | 1,609 | 1,608 | 1,365 | 1,112 | 401 | 380 | 407 | 343 | 287 |
| Other Beverage Interests | 920 | 967 | 954 | 816 | 676 | 98 | 117 | 120 | 106 | 95 |
| Hotels and Gaming | 282 | 276 | 263 | 206 | 164 | 34 | 42 | 40 | 25 | 28 |
| Central Administration | — | — | — | — | — | (13) | (18) | (35) | (34) | (35) |
| Continuing businesses – excluding exceptional items | 4,264 | 4,204 | 4,299 | 4,184 | 4,364 | 685 | 711 | 731 | 700 | 712 |
| PGSI | 1,613 | 1,751 | 1,125 | — | — | 81 | 75 | 61 | — | — |
| Group – excluding exceptional items | 5,877 | 5,955 | 5,424 | 4,184 | 4,364 | 766 | 786 | 792 | 700 | 712 |
| Exceptional items | | | | | | | | | | |
| SABI | — | 229 | — | — | — | — | (50) | (11) | — | (8) |
| Hotels and Gaming | — | — | — | — | — | — | (9) | — | — | — |
| PGSI | — | — | — | — | — | (59) | (10) | (13) | — | — |
| Group – including exceptional items | 5,877 | 6,184 | 5,424 | 4,184 | 4,364 | 707 | 717 | 768 | 700 | 704 |
| | | | | | | | | | | |
| | Turnover | | | | | Operating profit | | | | |
| | 1998 Rm | 1999 Rm | 2000 Rm | 2001 Rm | 2002 Rm | 1998 Rm | 1999 Rm | 2000 Rm | 2001 Rm | 2002 Rm |
| Business segment analysis | | | | | | | | | | |
| SABI | n/a | n/a | n/a | 8,045 | 12,432 | n/a | n/a | n/a | 958 | 1,631 |
| SABI Africa and Asia | n/a | n/a | n/a | 5,135 | 9,180 | n/a | n/a | n/a | 951 | 1,579 |
| SABI Central America | — | — | — | — | 1,809 | — | — | — | — | 64 |
| SABI | 6 038 | 8,021 | 9,081 | 13,180 | 23,421 | 791 | 1,099 | 1,225 | 1,909 | 3,274 |
| Beer South Africa | 8,658 | 9,459 | 9,908 | 10,014 | 10,797 | 1,926 | 2,236 | 2,507 | 2,520 | 2,785 |
| Other Beverage Interests | 4,412 | 5,688 | 5,872 | 5,986 | 6,565 | 473 | 688 | 735 | 774 | 920 |
| Hotels and Gaming | 1,353 | 1,624 | 1,618 | 1,509 | 1,590 | 163 | 245 | 248 | 180 | 276 |
| Central Administration | — | — | — | — | — | (65) | (104) | (217) | (251) | (338) |
| Continuing businesses – excluding exceptional items | 20,461 | 24,792 | 26,479 | 30,689 | 42,373 | 3,288 | 4,164 | 4,498 | 5,132 | 6,917 |
| PGSI | 7,744 | 10,294 | 6,876 | — | — | 388 | 436 | 376 | — | — |
| Group – excluding exceptional items | 28,205 | 35,086 | 33,355 | 30,689 | 42,373 | 3,676 | 4,600 | 4,874 | 5,132 | 6,917 |
| Exceptional items | | | | | | | | | | |
| SABI | — | 1,278 | — | — | — | — | (281) | (66) | — | (82) |
| Hotels and Gaming | — | — | — | — | — | — | (50) | — | — | — |
| PGSI | — | — | — | — | — | (282) | (56) | (80) | — | — |
| Group – including exceptional items | 28,205 | 36,364 | 33,355 | 30,689 | 42,373 | 3,394 | 4,213 | 4,728 | 5,132 | 6,835 |

n/a – not available

| | EBITA | | | | | Net operating assets | | | | |
|------------------------------------------------------------|-------|-------|-------|-------|--------------|----------------------|--------|--------|-------------------|----------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1998* | 1999* | 2000* | 2001 | 2002 |
| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | Restated US\$m | US\$m |
| Business segment analysis | | | | | | | | | | |
| SABI Europe | n/a | n/a | n/a | 148 | 198 | n/a | n/a | n/a | 1,091 | 1,253 |
| SABI Africa and Asia | n/a | n/a | n/a | 132 | 171 | n/a | n/a | n/a | 472 | 728 |
| SABI Central America | — | — | — | — | 22 | — | — | — | — | 1,135 |
| SABI | 165 | 191 | 205 | 280 | 391 | 599 | 781 | 1,033 | 1,563 | 3,116 |
| Beer South Africa | 401 | 380 | 407 | 343 | 287 | 490 | 539 | 509 | 415 | 263 |
| Other Beverage Interests | 98 | 117 | 120 | 106 | 95 | 198 | 600 | 601 | 520 | 355 |
| Hotels and Gaming | 34 | 42 | 40 | 25 | 28 | 109 | 134 | 169 | 159 | 140 |
| Central Administration | (13) | (18) | (35) | (34) | (35) | 176 | (61) | (27) | (148) | (193) |
| Continuing businesses – excluding exceptional items | 685 | 712 | 737 | 720 | 766 | 1,572 | 1,993 | 2,285 | 2,509 | 3,681 |
| PGSI | 81 | 75 | 61 | — | — | 34 | 75 | — | — | — |
| Group – excluding exceptional items | 766 | 787 | 798 | 720 | 766 | 1,606 | 2,068 | 2,285 | 2,509 | 3,681 |
| Exceptional items | | | | | | | | | | |
| SABI | — | (50) | (11) | — | (8) | — | — | — | — | — |
| Hotels and Gaming | — | (9) | — | — | — | — | — | — | — | — |
| PGSI | (59) | (10) | (13) | — | — | — | — | — | — | — |
| Group – including exceptional items | 707 | 718 | 774 | 720 | 758 | 1,606 | 2,068 | 2,285 | 2,509 | 3,681 |
| | | | | | | | | | | |
| | EBITA | | | | | Net operating assets | | | | |
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1998* | 1999* | 2000* | 2001 | 2002 |
| | Rm | Rm | Rm | Rm | Rm | Rm | Rm | Rm | Restated Rm | Rm |
| Business segment analysis | | | | | | | | | | |
| SABI Europe | n/a | n/a | n/a | 1,083 | 1,926 | n/a | n/a | n/a | 8,726 | 14,281 |
| SABI Africa and Asia | n/a | n/a | n/a | 970 | 1,658 | n/a | n/a | n/a | 3,771 | 8,297 |
| SABI Central America | — | — | — | — | 215 | — | — | — | — | 12,942 |
| SABI | 791 | 1,102 | 1,260 | 2,053 | 3,799 | 3,019 | 4,841 | 6,741 | 12,497 | 35,520 |
| Beer South Africa | 1,926 | 2,236 | 2,507 | 2,520 | 2,785 | 2,471 | 3,341 | 3,322 | 3,327 | 2,998 |
| Other Beverage Interests | 473 | 688 | 735 | 774 | 920 | 998 | 3,722 | 3,923 | 4,155 | 4,043 |
| Hotels and Gaming | 163 | 245 | 248 | 180 | 276 | 550 | 831 | 1,108 | 1,275 | 1,602 |
| Central Administration | (65) | (104) | (217) | (251) | (338) | 887 | (375) | (240) | (1,182) | (2,204) |
| Continuing businesses – excluding exceptional items | 3,288 | 4,167 | 4,533 | 5,276 | 7,442 | 7,925 | 12,360 | 14,854 | 20,072 | 41,959 |
| PGSI | 388 | 439 | 378 | — | — | 172 | 466 | — | — | — |
| Group – excluding exceptional items | 3,676 | 4,606 | 4,911 | 5,276 | 7,442 | 8,097 | 12,826 | 14,854 | 20,072 | 41,959 |
| Exceptional items | | | | | | | | | | |
| SABI | — | (281) | (66) | — | (82) | — | — | — | — | — |
| Hotels and Gaming | — | (50) | — | — | — | — | — | — | — | — |
| PGSI | (282) | (56) | (80) | — | — | — | — | — | — | — |
| Group – including exceptional items | 3,394 | 4,219 | 4,765 | 5,276 | 7,360 | 8,097 | 12,826 | 14,854 | 20,072 | 41,959 |

*Partial deferred tax basis
n/a – not available

Adjusted earnings

This comprises the earnings attributable to ordinary shareholders after adjusting for profits and losses on items of a capital nature, as well as the impact of exceptional items.

Adjusted PBT

This is defined as profit before tax, goodwill amortisation and exceptional items.

Cash operating margin (%)

This is calculated on a pre-exceptional basis, by expressing EBITDA as a percentage of turnover, excluding associates.

Cash operating return (%)

This is calculated on a pre-exceptional basis, by expressing the sum of EBITDA and cash dividends received from associates and other investments, as a percentage of net operating assets, adjusted for cumulative goodwill eliminated against shareholders' funds and accumulated depreciation.

EBITA

This is calculated by expressing earnings before interest, taxation and goodwill amortisation.

EBITA margin (%)

This is calculated by expressing earnings before interest, taxation and goodwill amortisation as a percentage of turnover (including associates).

EBITDA

This comprises net cash inflow from operating activities, before working capital movements.

Effective tax rate (%)

This is calculated by dividing the tax charge for the year by the profit before taxation excluding non-taxable exceptional items and goodwill amortisation.

Net asset value per share

This is calculated by dividing ordinary shareholders' funds by the closing number of shares in issue.

Net interest cover (EBIT)

This is the ratio of profit before interest, taxation and exceptional items to net financing costs before exceptional items.

Net operating assets

This is the sum of fixed assets (excluding Safari shares), stocks and debtors less interest free liabilities.

A reconciliation of this number is provided in note 3.

Operating margin (%)

This is calculated on a pre-exceptional basis, by expressing profit before interest and taxation as a percentage of turnover, including associates.

Operating return (%)

This is calculated on a pre-exceptional basis, by expressing profit before interest and taxation, including associates, as a percentage of net operating assets, excluding goodwill.

Return on equity (%)

This is calculated by dividing adjusted earnings by ordinary shareholders' funds.

Total borrowings

This comprises the sum of the interest bearing liabilities included in creditors due within and after one year.

Non-executive directors



Jacob Meyer Kahn (62)† ‡

BA (Law) MBA DCom(hc) SOE

Chairman

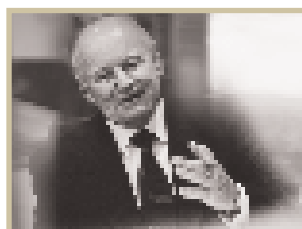
He joined the group in 1966 and occupied executive positions in a number of the group's former retail interests before being appointed to the SAB Ltd board in 1981. He was appointed as Group Managing Director of SAB Ltd in 1983 and as Executive Chairman in 1990. In 1997, he was seconded full-time to the South African Police Service as its Chief Executive serving for over two and a half years. In 1999 he assumed Chairmanship of SAB plc. He holds an honorary doctorate in Commerce from the University of Pretoria and was awarded the SOE in the year 2000.



Hugh Robert Collum (61)*†‡

FCA

He was Executive Vice-President and Chief Financial Officer of SmithKline Beecham plc from 1989 to 1998. He is currently Chairman of British Nuclear Fuels plc, Deputy Chairman of Celltech Group plc, Safeway plc and Whitehead Mann plc. He was a member of the Cadbury Committee on the Aspects of Corporate Governance. Mr Collum stepped down from the board with effect from 31 March 2002, after three years of service on the board and as Chairman of the Audit Committee as well as a senior non-executive director, due to the substantial requirements of his other business interests.



Michael John Levett (62)*

BCom FFA FIA FASSA Dr. Econ Science(hc)

He is Chairman of Old Mutual plc. He joined the board in 1999, having previously been a director of SAB Ltd from 1984. He is Deputy Chairman of Mutual and Federal Insurance Company Ltd and a director of Barloworld Ltd, Nedcor Ltd and Old Mutual South Africa Trust plc.



Peter John Manser (62)*†

CBE DL FCA

Former Chairman of Robert Fleming Holdings Ltd. He is Chairman of Intermediate Capital Group plc, Deputy Chairman of Fitzhardinge plc and a director of Shaftesbury plc. He joined the board in June 2001.



Miles Quintin Morland (58)*†‡

He is Chairman of Blakeney Management, an investment management firm specialising in Africa, which he founded in 1990. He was appointed to the board in 1999. He is a director of The African Lakes Corporation plc, SSB Bank (Ghana), a number of emerging market funds and Chairman of London Business School's Africa Advisory Board.



Matamela Cyril Ramaphosa (49)*

BProc LLD(hc)

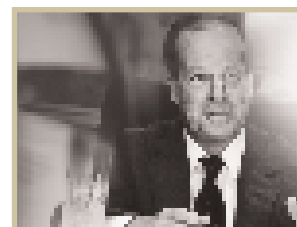
Chairman – Johnnic Holdings and M-Cell Ltd. He joined the SAB Ltd board in 1997. He is Executive Chairman of Reberve Ltd and holds directorships in FirstRand and Macsteel Holdings.



Robin William Renwick (64)†‡

MA

Lord Renwick of Clifton served as British Ambassador to South Africa from 1987 to 1991 and as British Ambassador to the United States from 1991 to 1995. He is currently Vice-Chairman, Investment Banking, JPMorgan plc, Chairman of Fluor Ltd and a director of British Airways plc, Compagnie Financière Richemont and Billiton plc. He joined the board in 1999.



Henry Richmond Slack (52)*

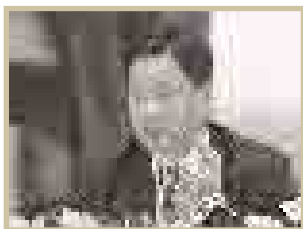
BA

Hank Slack is currently Chairman of Terra Industries, a nitrogen based fertiliser company in the United States also operating in the United Kingdom. In addition he is a director of Engelhard Corporation. From 1992 until its merger with Anglo American Corporation of South Africa to form Anglo American plc, he was Chief Executive of Minorco SA. He is also a former Executive Director of Anglo American as well as being a director of a number of Anglo/Minorco Group Companies.



Robert Fellowes (60)†**

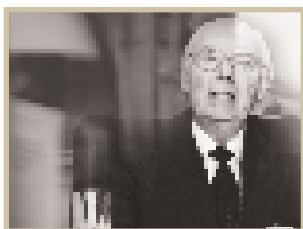
The Lord Fellowes is Chairman of Barclays Private Banking. He was formerly Private Secretary to the Queen for eight years from 1990, having joined the Royal household in 1977, after a career in the London money market. He also chairs the Prison Reform Trust and is a Trustee of the Rhodes Trust. He was appointed to the board in 1999.



Ning Goaning (‘Frank’ Ning) (43)

BA (Econ) MBA

Mr Ning is Chairman of China Resources Enterprise Ltd and China Resources Land Ltd (both are listed companies in Hong Kong). He is also the Vice-Chairman and President of China Resources (Holdings) Co. Ltd and China Resources National Corp (both are private companies in Hong Kong). Mr Ning also holds a directorship in HIT Investments Ltd. He joined the board in October 2001.



Dr Conrad Barend Strauss (66)*

PhD

Former Chairman of Standard Bank Investment Corporation Ltd (SBIC). He still serves as a director of Stanbic. He is also a director of several South African companies, including Afrox Ltd and Sasol Ltd. He was Chairman of the Presidential Commission of Enquiry into Rural Finance, the South African Foundation and the South African Institute of International Affairs. He holds degrees from Rhodes and Cornell universities and has honorary doctorates from Rhodes and Pretoria universities. He joined the board in 1999.

Executive directors



Ernest Arthur Graham Mackay (52)*

BSc (Eng) BCom

Chief Executive. Deputy Chairman, Standard Bank Investment Corporation.

He joined SAB in 1978.



Norman Joseph Adami (47)*

BBusSc MBA

Chairman and Managing Director, SAB Ltd.

He joined SAB in 1979.



Richard Llewellyn Lloyd (58)

MA (Cantab) MBA (Stamford)

Organisation Development Director

He joined SAB in 1971.



André Charles Parker (51)

BEcon (Hons)

Managing Director – SABI Africa and Asia.

He joined SAB Ltd in 1975 and was appointed to the board in 2001.



Michael Hugh Simms (53)

BSc MBA

Managing Director – SABI Europe

He joined SAB in 1978.



Malcolm Ian Wyman (55)*

CA(SA)

Chief Financial Officer

He joined SAB in 1986.

Annual General Meeting**July****Reports****Published**

Interim, for half-year to September

November

Preliminary announcement of annual results

May

In accordance with the Model Code, restraints on trading in group securities operate for two-month periods prior to release of interim and preliminary results announcements until noon on the day of publication of these announcements.

Annual financial statements**July****Dividends****Declared****Paid**

Ordinary

Interim

November

Late December

Final

May

August

STRATE

Dealings and settlements on the JSE Securities Exchange South Africa (JSE) are now exclusively in electronic form through the STRATE system such that share certificates are no longer good for delivery on that exchange. Shareholders resident in South Africa who currently retain their share certificates and who may wish to deal on the JSE are advised to contact Computershare Johannesburg or their professional adviser regarding the options available to enable them to do so through the STRATE system.

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