Namibia Breweries Limited

ANNUAL REPORT 2005

Vision, Mission and Values

As a member of the Ohlthaver & List Group of Companies, Namibia Breweries Limited adopted the "Mwenyopaleka" programme that aims to align the Group's activities and processes with its mission and values.

VISION

Enhancing living conditions and social-economic wealth by being a builder of innovative and sustainable businesses in Namibia and the Southern African region.

MISSION

Everyday we challenge our past to improve the future for everyone.

VALUES

Let's do it
Let's talk
We are hooked on results
Naturally Namibia today for tomorrow
We grow people
We do the right things right
We all serve

COVER DESIGN

We dedicate this year's theme to the loyal domestic Namibian markets.

Contents

Eager participants in the Hansa Game played at Shikwandu Bottle Store

"Pool Hall Junkies" at Shikwandu

The bar staff in full swing

Chairman's Statement

Overview 2005

During the period under review, my board and the management team at Namibia Breweries Limited (Nambrew) reconfirmed our commitment to profitable growth, aimed at generating attractive and sustainable returns for our shareholders. Considering the competitiveness of the brewing industry and the size of Nambrew's operations we realised that, in order to achieve this objective, we had to look beyond short term solutions. While we continued to focus on consolidating the re-engineering investments made in previous years and improving our operational effectiveness, we took some tough decisions on the structure of Nambrew's operations.

Given the above, we did not expect significant improvements to our financial performance during the reporting period. As can be expected, the turnover of N$925.4 million for the 12-month period ended June 2005 was lower than the N$1.3 billion for the previous (17-month) reporting period.

The Group's Operating Profit for the reporting period increased by 6% to N$38.9 million compared to the previous 17-month period. This translates into an operating margin of 4,2%, compared to 2,9% recorded over the previous period. Included in operating expenditure for the period is a charge of N$22.3 million in relation to the expected restructuring process.

Nambrew's balance sheet remained strong, with a decrease in Long- and Medium-term debts.

The Group's cash generated by operations increased from N$87.5 million in the prior period to N$143.1 million in the current period.

Market Perspective

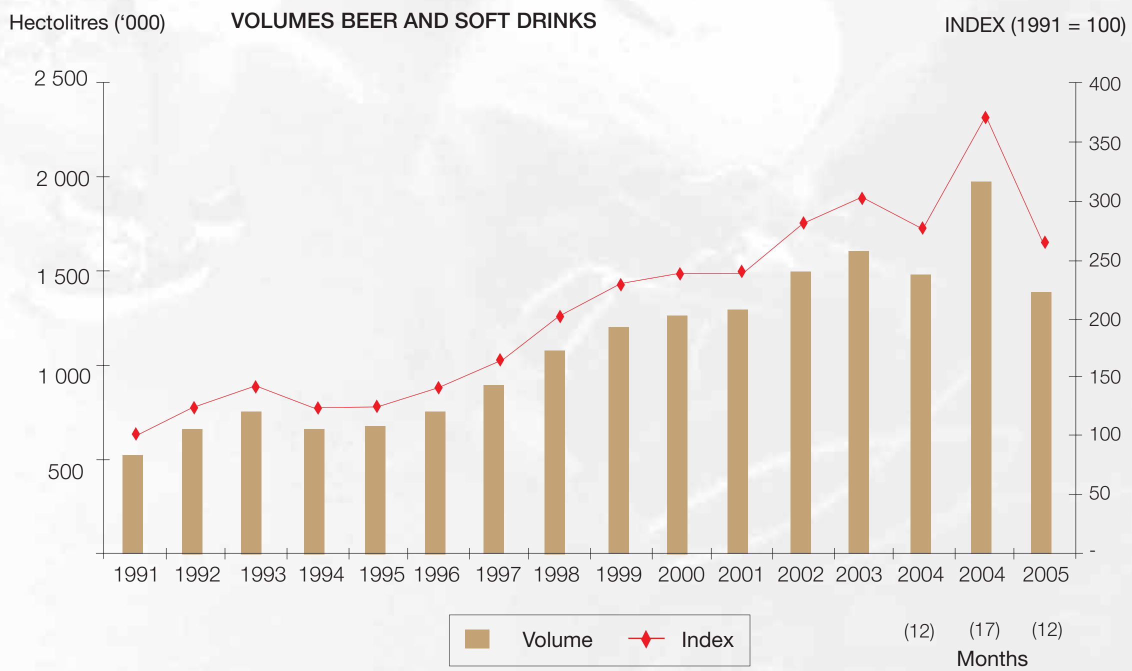
Our commitment to producing only the best quality pure natural beers in accordance with the Reinheitsgebot remained central to our beer products. We received international recognition for this approach when four of our brands became the first from Africa to be awarded international medals by the Deutsche Landwirtschafts-Gesellschaft (DLG). Windhoek Lager and Windhoek Draught in Can received gold medals while Windhoek Light and Tafel Lager were awarded silver medals. The highest honour was bestowed on Windhoek Light when it was voted the world's best light beer at the Brewing Industry International Awards, often dubbed the "Oscars" of the brewing industry.

The Namibian domestic market is home to Nambrew's operations. The market remained challenging with limited organic growth opportunities and a strong competitive environment. Despite this, we succeeded in increasing our Namibian beer

Chairman's Statement

volumes by 3%, slightly ahead of total market growth. During the reporting period, we took care to build the equity of our beer brands through targeted marketing investments and campaigns while supporting sales initiatives. In addition to Tafel Lager's position as Namibia's most popular beer, we launched a new beer brand, Hansa Pilsener, in June 2005 to enhance our portfolio in Namibia. This new brand was introduced in response to changing consumer needs, as research showed that consumers drink different brands at different occasions for different reasons. Windhoek Lager, another leading brand in our portfolio, has shown strong growth over the past year.

Volume growth was supported by a more structured approach to the sale and distribution of our beers in the Namibian market place. Sales staff were introduced to a new methodology whereby they work with customers to improve the manner in which our quality beers are positioned, displayed, treated and promoted in the trade. The new approach is managed by the Area Sales Managers and encourages them to proactively train and lead their teams. In addition, a new commercial policy was introduced and accepted by the trade in terms of which growth benefits and related cost savings are shared with trade partners.



__Senior Leadership Team__ from right to left: Mike Reilly, Segun Adebanji (MD), Dixon Norval, Ernst Ender, Elke Hanstein, Hugh Froggatt, Matthias von Oelhafen, Ciaran Duffy, Klaus Becker.

Chairman's Statement

South Africa remains our most important export market. The Joint Venture company between Nambrew, Heineken and Diageo, brandhouse is responsible for the sales, distribution and marketing of Nambrew products. The efficiencies created by bringing these three world-class organisations together have allowed us to significantly increase our marketing investment to strengthen our brands and respond to the enormous competitive challenges of the South African Premium Beer Market. To remain competitive in this fast growing segment required significant up weight of advertising and promotional spend.

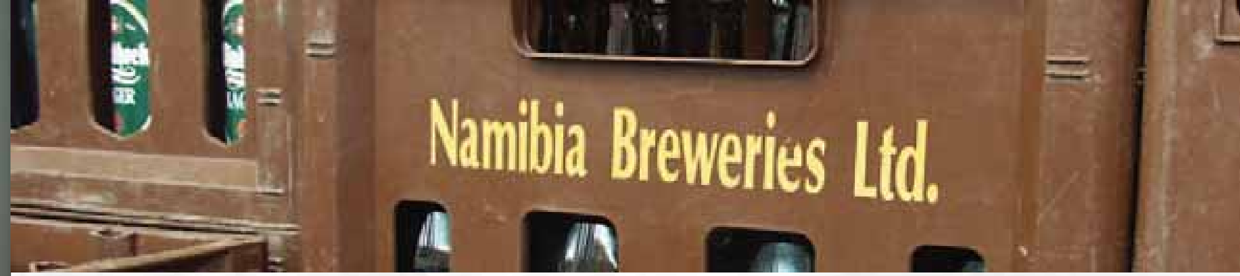
Angola, Nambrew's second biggest export market, continued to play an important role in our growth strategy. Southern Angola, in particular, showed an increased consumer franchise for Windhoek Special beer and a selection of soft drink brands, such as Pepsi Cola, 7-Up and Mirinda. However, exports to Angola continued to be problematic due the continued high duty structure and complex import procedures introduced by the Angolan authorities in 2003. There has been some progress in removing these barriers, as the trade agreement between Namibia and Angola has been ratified by both Parliaments and a joint trade committee has been tasked to resolve the various issues in implementing the agreement. We will increase our focus on developing selected markets in a sustainable and profitable manner within the SACU/SADC region.

Operational Perspective

Quality staff is vital to our future success. The number of employees in Namibia declined slightly from 690 at the end of the previous reporting period to 680 by 30 June 2005. With reference to training and development, 278 employees benefited from focused training during the year. In addition, 19 employees are currently on self-development courses aligned to their work. Special attention was given to SAP end-user training to fully capitalise on the system upgrade. Adult basic education training (ABET) was introduced with an initial training course for the facilitators (training of trainers), followed by implementation of the programme in Windhoek and at Hansa. A number of Nambrew staff participated in training opportunities offered by our international partners, enabling the Company to align performance closer to international benchmarks.

The Performance Management approach implemented in July 2004 was further developed and the first performance related remuneration was applied at the end of the reporting period, based on performance ratings for the financial year.

Quality, as a unique selling proposition, is an integral part of our ways of working. Nambrew remains committed to adhering to ISO 9002 procedures and is certified for compliance by the South African Bureau of Standards.



"Kids daring for more"

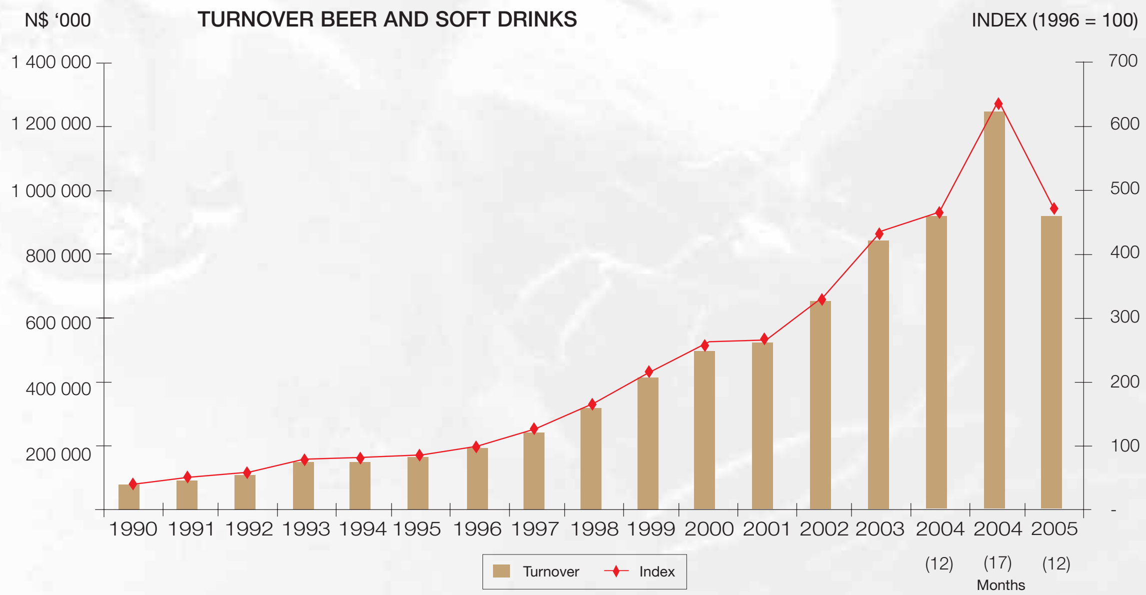
Chairman's Statement

We have made additional investments in the production area worth N$33.3 million, of which N$4.5 million was completed in the reporting period. These investments include, among others, a new pasteuriser, bottle washer and fermentation tanks, and will result in quality improvements and more cost-effective ways of operation.

Support from the new international partners furthermore permitted us to introduce international benchmarking exercises, which also assisted Nambrew to identify, compare and improve various areas of performance.

Through the Shared Services agreement with O&L, Nambrew's Procurement Department, with the support of O&L Shared Service Centre Procurement (SSCP), has managed strategic sourcing initiatives and implemented new procurement processes and procedures. These initiatives have already delivered encouraging results.

Another initiative to improve operational efficiencies and reduce costs was to reduce Nambrew's number of stock keeping units (SKUs). The rationale behind this decision was to reduce complexity throughout the supply chain, remove less profitable SKUs and reduce working capital required for the wide variety of packaging material.



Chairman's Statement

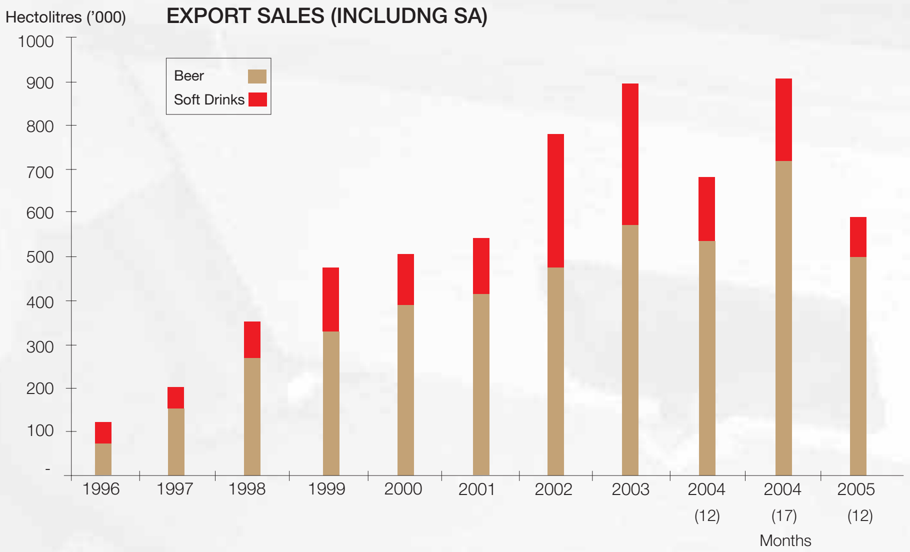
Corporate Social Responsibility Perspective

We pride ourselves as a respected and accountable member of the Namibian corporate society and indeed of the global alcoholic beverage industry.

Promoting responsible consumption - Nambrew has a recognised approach to ensure that its products are enjoyed in a responsible manner. All our alcoholic beverages are labeled to state that alcohol should not be sold to persons under the legal drinking age of 18 and resellers are encouraged to enforce legislation in this regard. To promote responsible consumption, we work with other associated initiatives such as the Drug Awareness Group (DAG), which educates the youth about the dangers of drug and alcohol abuse, and the "Together We Care" (TWC) road safety campaign aimed at reducing the number of road accidents during the festive season. Nambrew is an active founding member of the Coalition on Responsible Drinking (CoRD), a project initiated by the Ministry of Health and Social Services and UNICEF, aimed at educating civil society on the dangers of alcohol abuse.

In November 2004, the City of Windhoek, with Nambrew's support, launched the Namibia Breweries Broken Window Law Enforcement Campaign. The campaign is aimed at sensitising road users about road safety and rules. Phase 1 was so successful that the second phase of the Campaign was launched in July 2005.

Protecting the environment - We are concerned about the potentially harmful impact that pollution, caused by our industry, can have on the environment and have forged partnerships with various public and private sector players. Nambrew fully subscribes to the national philosophy to protect the environment and natural heritage of Namibia's people. As a founder member of Collect-A-Can Namibia, we transport used beverage cans at no cost, from all over Namibia, to Windhoek. During the year under review, a total of 2,782 tons of beverage cans were sent to South Africa for recycling. Management and education on issues surrounding pollution, waste management and the conservation of our environment is critical to avert destruction and erosion of our fragile Namibian surroundings.



Pashukeni Orphans and Vulnerable Children's Birthday Party

Donation towards Cancer Association of Namibia

" Keeping our environment clean"

Road Safety - Nambrew Broken Window law enforcement Campaign together with City of Windhoek

To this end we supported the City of Windhoek's Solid Waste Management Competition for secondary schools, encouraging them to find innovative uses for recycled material. Nambrew also continued to support numerous community based clean-up campaigns throughout the country.

Supporting national events - We re-invest in the development of Namibia and her people by supporting national sustainable development programmes throughout the country. One such partnership is the sponsorship of the Namibian Stock Exchange's Scholars Investment Challenge, which gives all young Namibians a chance to acquire skills in a practical and fun way, so that they may one day capitalise on opportunities that the Stock Market offers. Other national events supported by Nambrew include the annual Independence Celebrations, Heroes Day, Arbour Day, Day of the Namibian Child, National Youth Expo and various agricultural and industrial trade fairs.

Combating HIV/AIDS - Nambrew continued to support community-driven projects and was involved in issues that affect our society such as HIV/AIDS and cancer. The Company continued to support NANASO, Namibia's umbrella body for HIV/AIDS service organisations, as well as participating in O&L staff wellbeing HIV/AIDS progammes. The Cancer Association of Namibia, Lifeline/Childline Namibia, and various other initiatives by NGOs and Local Authorities also received support.

Recognition through Arrow Awards - The Professional Management Review (PMR) Africa, for the fourth year in a row, conferred the Diamond Arrow Award on Nambrew for being the Company doing the most to enhance Namibia's economic growth and development

Looking Ahead at 2006

The past year offered key learnings that we will capitalise on to ensure our success.

We acknowledge that the competitive environment will remain a major challenge, and will require us to keep our beverage products affordable in the context of declining disposable income and wider consumer choice. To deal with these challenges and grow the business, we will have to make demanding structural adjustments to our business while we continue to invest in our people.

Other important lessons learnt during the reporting period are that we will have to:

- maintain our strong market position and ensure that we achieve organic volume growth in the relatively small Namibian market while we accelerate growth in the equity and volumes of our brands in selected export markets;
- continue our relentless focus on operational excellence, particularly our marketing, sales and distribution activities;
- drive our production and overhead costs down and improve overall productivity without compromising on quality;
- build the relevance of our brands through increased marketing investments;
- develop a winning portfolio of brands, based on changing consumer needs;
- equip our people to deliver on our promise, and
- benchmark ourselves against world class standards and close any gaps in operational excellence.

Critical Success Factors

Based on the above lessons, the board has approved a new three-year plan to accelerate the turnaround of Nambrew.

In order to deliver on our growth promise, the new business plan is based on four critical success factors:

- **War on cost** – In order to remain competitive, we will focus on reducing the cost of doing business, especially the cost of goods sold and overhead costs. We are therefore placing greater emphasis on improving the general understanding of the cost drivers and are implementing cost-saving measures in all the areas of the business. Some of these measures include the enhancement of production efficiencies, leading to the closure of Hansa Brewery in order to consolidate the brewing operations on one site.
- **Servicing customers and consumers** – After careful assessment of the complete supply chain, we have decided to outsource the primary distribution and warehousing operation in Windhoek to an expert logistics company. We are also committed to improving our retail delivery and customer service processes in Namibia. These decision are expected to deliver significant cost savings and enhance service delivery.
- **Developing a winning portfolio of brands** – To support our current basket of products, our brand portfolio was reviewed and a new brand, Hansa Pilsener, was launched to strengthen the current range. We will continue to monitor the need of our consumers to ensure that we fulfill their needs proactively.
- **Quality execution** – Quality remains a unique selling proposition of Nambrew. To this end we are investing in new production technology, and are enhancing the quality of products through continuous research.

Enablers

Based on the new O&L Mwenyopaleka value system, the following enablers were identified as prerequisites to the achievement of the growth goals:

- **People** – Quality staff remains critical to the business. To ensure that we have top performing staff, performance management and training will remain key focus areas. The whole restructuring process is being carried out in a transparent and fair manner to ensure sensitivity to staff concerns and needs.
- **Systems and processes** – Budgetary processes, business performance management and tighter expenditure approval processes will continue to receive close attention. The new SAP system will provide the platform for enhancing control of the business.
- **Communication** – Transparent and open communication will be promoted when facing challenges or celebrating succeses.
- **External Relations** – A more structured approach to external stakeholder relations has been developed, including that with business partners and Government.

Pub Nite 2005

Sponsorship of Namibian Club Rugby

Windhoek Draught enjoyed in the Alps

Pure enjoyment Township Style

Chairman's Statement

Execution

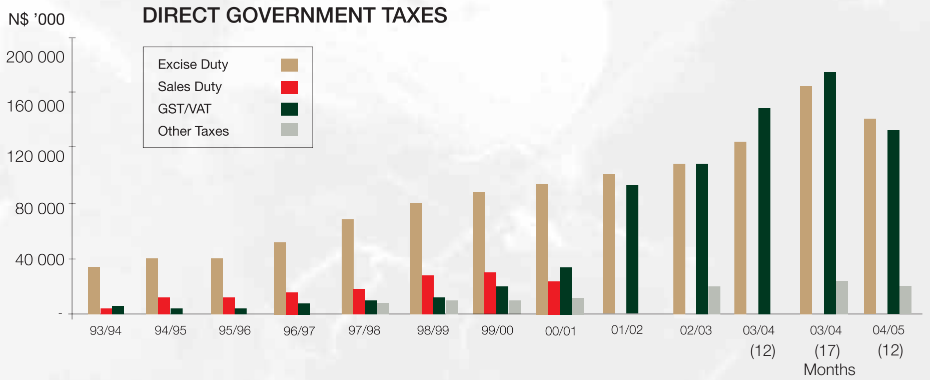
It is important to mention that Nambrew's major shareholders, O&L, Diageo and Heineken continued to play a crucial role through providing Nambrew with continuous access to skills, expertise, information, management tools and international best practices.

Two major structural adjustment programmes, agreed as part of the plan, are currently well advanced. One is the closure of Hansa Brewery, our second brewery in Namibia situated at the coastal town of Swakopmund. Given the size of Nambrew's operations and the need to defend our market position, there was no longer justification to continue with two brewing locations in Namibia. After the closure of Hansa Brewery, our brewing capacity is expected to remain sufficient over the next three years to cater for projected volumes. The transition of production to the Windhoek plant went well, with production at the Hansa plant having ceased on 20 October 2005.

The second significant decision was to investigate alternative solutions for the execution and continuous improvement of downstream supply chain processes. In the process, Etosha Transport (Proprietary) Limited, a wholly owned subsidiary of the Imperial Group of Companies, was selected to take over this function. In terms of the agreement, a partnership will be established between Etosha Transport (Proprietary) Limited and O&L in order to create a platform for delivering logistics services to all the companies in the O&L Group. Nambrew has entered into a service agreement with the partnership to manage its Windhoek Warehousing and Long Distance Transport operations.

The board is confident that the route chosen by Nambrew will revive the fortunes of the business within the next three years. Despite the enormity of the challenge, we are confident that the commitment and dedication of our staff and management will enable us to reach our objectives.

As a leading Namibian company, Nambrew will continue to serve the community in which it operates by re-investing in a responsible and prudent manner.



Corporate Governance

RISK MANAGEMENT

The board recognises that risk management is of critical importance and is fully committed to complying with the risk management requirements and mandates of the Code of Corporate Practices and Conduct of the King II Report on Corporate Governance 2002. A risk identification and management programme is in place, and is assessed regularly by senior management. The risk and loss control procedures form an integral part of the self insurance programme of the Group. The layered structure of the programme will allow the Group to obtain competitive rates, while still protecting operations from major losses.

The board s policy of risk management encompasses all the significant risks to the Company which could undermine the achievement of our business objectives. The board determines the levels of unacceptable risks and requires that operations manage and report in terms thereof. The severity of risks is measured in terms of deviation from business objectives and the implementation of risk interventions are prioritised accordingly.

Financial Review

ACCOUNTING POLICIES

The principal accounting policies of Nambrew and the disclosure made in the annual financial statements conform with Statements of Namibian Generally Accepted Accounting Practice and are consistent with the prior year.

GROUP OPERATIONAL AND FINANCIAL REVIEW

All shareholders and the investor public are reminded that the results are for the twelve months ended June 2005 whereas the comparative results are for the seventeen months ended June 2004. Therefore, due care should be taken when comparing the results of the two periods.

REVENUE

Total revenue fell from N$1.3 billion for the seventeen months ended June 2004 to N$925.4 million for the twelve months ended June 2005. The decrease in revenue can be attributed to the shorter reporting period in 2005 and the reduced revenue on locally produced Heineken compared to the revenue on imported Heineken in the prior period. It must be noted that although the revenue on Heineken reduced as a result of the lower cost of the locally produced product, the margin was not impacted.

In addition to the shorter reporting period, other revenue as per the segment report (note 29) fell from N$55.9 million in 2004 to N$9.1 million in 2005 due to the inclusion of Fruitree sales in the softs category in 2005 whereas previously these were reported under other .

A price increase, in line with inflation, was obtained in March 2005 in Namibia. However, due to the competitor dynamics in the South African beer market, prices were not adjusted during the period. With the continued strength of the NAD/ZAR exports prices remained under pressure.

OPERATING EXPENDITURE

If the Group is to remain competitive its operating margin must continue to improve. This will be achieved through a focus on growing volumes and on reducing operating costs. In respect of the latter, the board took some tough decisions during the period. The closure of the Hansa Brewery was necessary to ensure the sustainability of the business going forward. The closure, when completed, will result in all volumes being produced at the Windhoek plant. This should generate significant savings through increased utilisation of this plant, production efficiencies and a reduction in operating expenditure. In addition, a decision was taken to outsource the remaining part of primary logistics. Therefore, included in operating expenditure for the period is a total charge of N$22.3 million in relation to the expected restructuring process.

OPERATING PROFIT

The operating profit for the twelve months to June 2005 was N$38.9 million which was 6% higher than the seventeen month period ended June 2004. However, as previously highlighted, the two periods are not easily comparable. Operating margin for the period was 4.2% compared to 2.9% in the prior period, and with the abovementioned initiatives in relation to cost reduction, this should continue to improve.

Report of the Directors

Founded in 1920, Namibia Breweries Limited is principally engaged in the brewing and distribution of beer and is also active in the manufacturing of soft drinks and Schnaps.

FINANCIAL RESULTS

The Group s operating profit for the 12 month period ended June 2005, showed a 6% increase over the previous 17 month period. This translates into an operating margin of 4.2% compared to 2.9% in the previous year. The main reasons for the profitability performance are discussed on pages 21-22.

DIVIDENDS PAID

Details of the ordinary dividends declared, paid and payable in respect of the past year are reflected in note 20.3 to the financial statements.

DIVIDEND DECLARATION

In addition to the interim dividend paid in May 2005, the Board of Directors has decided to declare a dividend of 1.8 cents per ordinary share. Payment will be effected to shareholders of ordinary shares in the books of the company registered at the close of business on the 14th of October 2005 and will be paid on 14 November 2005.

CAPITAL EXPENDITURE

Capital expenditure during the 12 months amounted to N$74 million. N$34 million was invested in plant and equipment and an additional amount of N$11,7 million was invested in the upgrade of the Group's information systems and business re-engineering project.

STATED CAPITAL

Full details of the authorised and issued stated capital of the Company at 30 June 2005 are set out in note 9 to the financial statements. The 92 471 000 unissued shares of the Company are under the control of the Directors in terms of a members' resolution dated 3 December 2004. In terms of the Companies Act, this authority expires at the forthcoming Annual General Meeting. Members will accordingly be asked to extend this said authority until the Annual General Meeting to be held in 2006.

DIRECTORATE AND ADMINISTRATION

The names of the directors as well as the name and address of the Company's secretary appear on page 16.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in Annexure C of this report.

HOLDING COMPANY

The Company's holding company is NBL Investment Holdings Limited, of which the shareholding is held by Ohlthaver & List Finance and Trading Corporation Limited and Diageo Heineken Namibia B.V. The Company's ultimate holding company is Ohlthaver & List Centre (Proprietary) Limited.

POST BALANCE SHEET EVENTS

There were no significant post balance sheet events to be accounted for or disclosed in the annual financial statements.

Balance Sheets

COMPANY				GROUP	
at 30 June 2004 N$ 000's	at 30 June 2005 N$ 000's		Notes	at 30 June 2005 N$ 000's	at 30 June 2004 N$ 000's
		ASSETS			
		Non-current assets			
261 299	234 373	Property, plant and equipment	2	243 905	263 811
14 127	24 525	Intangible asset	3	24 525	14 127
3 841	2 340	Interest in subsidiaries	4	-	-
12 521	9 318	Investments and loans	5	9 318	12 521
16 784	19 756	Deferred taxation asset	6.1	19 777	16 840
308 572	290 312			297 525	307 299
		Current assets			
102 114	73 061	Inventories	7	83 167	102 114
100 857	128 988	Trade and other receivables		124 270	100 857
-	623	Derivative financial instruments		623	-
413	84 438	Holding company and fellow subsidiaries	8.1	1 775	413
36 314	1 664	Cash and bank		65 350	36 314
53 509	34 409	Funds on call and short-term investments		34 409	53 509
293 207	323 183			309 594	293 207
601 779	613 495	**Total assets**		607 119	600 506
		EQUITY AND LIABILITIES			
		Capital and reserves			
1 024	1 024	Stated capital	9	1 024	1 024
346 795	328 665	Retained income		311 246	345 494
347 819	329 689	Ordinary shareholders' equity		312 270	346 518
		Non-current liabilities			
103 085	65 633	Long- and medium-term financing	10	65 633	103 085
3 968	4 351	Provisions	11.1	4 351	3 968
18 430	22 195	Deferred taxation liability	6.2	22 195	18 430
-	-	Fellow subsidiaries		2 223	-
125 483	92 179			94 402	125 483
		Current liabilities			
92 684	136 281	Trade and other payables	12	145 101	92 712
35 379	40 832	Short-term borrowings	13	40 832	35 379
-	13 415	Provisions	11.2	13 415	-
414	1 099	Holding company and fellow subsidiaries	8.1	1 099	414
128 477	191 627			200 447	128 505
601 779	613 495	**Total equity and liabilities**		607 119	600 506

Notes to the Financial Statements

Trade and other receivables

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

Loans Receivable

Loans receivable are originated by the Group and are stated at cost.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Significant financial liabilities include finance lease obligations, interest-bearing bank loans and overdrafts and trade and other payables.

The accounting policy adopted for finance lease obligations is outlined in 1.6 above.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative instruments

Derivative instruments principally comprise of interest rate swap agreements and forward exchange contracts and are measured at fair value.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

Gains and losses from measuring the hedging instruments relating to a cash flow hedge at fair value are recognised immediately in net profitor loss.

Gains and losses from remeasuring the hedging instrument relating to a cash flow hedge to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated but the hedge transaction is still expected to occur, the cumulative unrealised gain or loss at the point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

1.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, 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 for the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

1.12 Foreign currencies

The Group presents its consolidated financial statements in Namibia Dollar (NAD) the measurement currency of the holding company ("the reporting currency"). Group entities record items in their financial statements using the currency that reflects the economic substance of the underlying events and circumstances relevant to the entity ("measurement currency"). Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the transaction date. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the costs of hedging are included in the measurement of the underlying transaction and the transaction is therefore recorded at the forward rate. Foreign exchange exposures as well as foreign exchange contracts are recorded at the rates ruling on the transaction date and are remeasured at fair value at balance sheet date. Gains and losses are recognised in the income statements.

1.13 Revenue

Revenue comprises the invoiced value of sales of beer, soft drinks, schnapps and by-products, less indirect taxes and excise duty. Sales of goods are recognised when goods are delivered and title has passed.

1.14 Investment income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

1.15 Earnings per share

The calculation of earnings per share is based on earnings attributable to ordinary shareholders. Account is taken of the number of ordinary shares in issue for the period during which they have participated in the income of the Group.

Earnings is defined as the net profit for the year after taxation and outside shareholders' interest.

1.16 Employee benefits

Short term benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

Retirement benefits

The policy of the Group is to provide retirement benefits for its employees. The contribution paid by the Group to fund obligations for the payment of retirement benefits are charged against profit in the year of payment. The Ohlthaver & List Retirement Fund, which is a defined contribution fund, covers all the Group's employees and is governed by the Pension Funds Act.

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		3. INTANGIBLE ASSET		
		At cost		
14 127	25 797	Information systems and business re-engineering	25 797	14 127
		Depreciation, amortisation and amounts written off		
-	1 272	Information systems and business re-engineering	1 272	-
		Net carrying value		
14 127	24 525	Information systems and business re-engineering	24 525	14 127
		Movement of intangible asset has been detailed in Annexure B.		
		4. INTEREST IN SUBSIDIARIES (ANNEXURE C)		
2 288	988	Shares at cost		
(160)	(160)	Indebtedness by the Company		
2 128	828			
1 713	1 512	Indebtedness to the Company		
3 841	2 340	Net interest in subsidiaries		
143	16 118	Aggregated losses of subsidiaries		
		5. INVESTMENTS AND LOANS		
		Loans		
12 187	9 035	Namibia Breweries Share Purchase Trust	9 035	12 187

The Namibia Breweries Share Purchase Trust was formed to finance the purchase of shares in the Company by directors and employees of the Company. The loans are secured by a pledge of 4,22 million shares (2004: 4,22 million) purchased in terms of the scheme. In terms of a directors' resolution, interest chargeable in terms of the loan agreements has been waived for the current year. The loans to the Namibia Breweries Share Purchase Trust are reflected at a value equivalent to the closing share price of the pledged shares at 30 June 2005.

COMPANY 2004	COMPANY 2005		GROUP 2005	GROUP 2004
		Unlisted investments		
28	28	L&T Ventures (Proprietary) Limited	28	28
306	255	GNB Holdings (Proprietary) Limited (2004: Hunky Dory (Proprietary) Limited)	255	306
12 521	9 318		9 318	12 521
334	283	Directors' valuation of unlisted investments	283	334

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		6. DEFERRED TAXATION		
		6.1 Deferred taxation asset		
15 652	16 784	Balance at beginning of the period	16 840	15 842
1 132	2 972	Movement during the period	2 937	998
(373)	(236)	Fixed asset allowances	(234)	(373)
(40)	(34)	Debtors allowances	(34)	(40)
1 469	3 242	Tax losses	3 205	1 335
76	-	Provision for leave	-	76
16 784	19 756		19 777	16 840
		Analysis of deferred taxation asset:		
236	-	Fixed asset allowances	2	236
34	-	Debtors allowances	-	34
15 946	19 188	Tax losses	19 207	16 002
568	568	Provision for leave	568	568
16 784	19 756		19 777	16 840
		6.2 Deferred taxation liability		
24 784	18 430	Balance at beginning of the period	18 430	24 784
(6 354)	3 765	Movement during the period	3 765	(6 354)
(8 367)	1 018	Fixed asset allowances	1 018	(8 367)
(23)	103	Debtors allowances	103	(23)
1 430	(2 551)	Consumables	(2 551)	1 430
-	128	Tax losses	128	-
606	3 383	Lease and leaseback rentals	3 383	606
-	(2 205)	Other leases	(2 205)	-
-	(4 695)	Provision	(4 695)	-
-	8 584	Intangible asset	8 584	-
18 430	22 195		22 195	18 430
		Analysis of deferred taxation liability:		
38 807	39 825	Fixed asset allowances	39 825	38 807
(104)	(1)	Debtors allowances	(1)	(104)
19 849	17 298	Consumables	17 298	19 849
(12 362)	(12 234)	Tax losses	(12 234)	(12 362)
(27 760)	(24 377)	Lease and leaseback rentals	(24 377)	(27 760)
-	(2 025)	Other leases	(2 205)	-
-	(4 695)	Provision	(4 695)	-
-	8 584	Intangible asset	8 584	-
18 430	22 195		22 195	18 430

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		7. INVENTORIES		
14 110	8 592	Raw materials	8 592	14 110
10 257	5 584	Work in progress	5 584	10 257
49 386	28 756	Finished products	38 371	49 386
24 278	26 037	Consumable stores	26 528	24 278
4 083	4 092	Merchandise	4 092	4 083
102 114	73 061		83 167	102 114

8. RELATED PARTY TRANSACTIONS

8.1 Holding company and fellow subsidiaries

The holding company of Namibia Breweries Limited is NBL Investment Holdings Limited of which the shareholding is held by Ohlthaver & List Finance and Trading Corporation Limited and Heineken International B.V. and Diageo plc.

The Company's ultimate holding Company is Ohlthaver & List Centre (Proprietary) Limited.

During the period the Group, in the ordinary course of business, entered into various sales, purchases and loan transactions with fellow subsidiaries and its holding company. These transactions occurred under terms that are no less favourable than those arranged with third parties.

COMPANY 2004 N$ 000's	COMPANY 2005 N$ 000's		GROUP 2005 N$ 000's	GROUP 2004 N$ 000's
		Current assets		
220	133	W.U.M. Properties Limited t/a Namib Sun Hotels	133	220
169	524	W.U.M. Properties Limited t/a O&L Farming Division	524	169
10	-	Hangana Seafood (Proprietary) Limited	-	10
3	3	Broll and List Property Management (Namibia) (Proprietary) Limited	3	3
-	82 663	NBL RSA (Proprietary) Limited	-	-
4	1 066	ICT Holdings (Proprietary) Limited	1 066	4
7	-	ICT Finance (Proprietary) Limited	-	7
-	10	Windhoek Schlachterei (Proprietary) Limited	10	-
-	24	W.U.M. Properties Limited t/a Model Pick 'n Pay	24	-
-	15	Kilimandjaro Investments (Proprietary) Limited	15	-
413	84 438		1 775	413

8.1 Holding company and fellow subsidiaries *(continued)*

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		Current liabilities		
-	12	Windhoek Schlachterei (Proprietary) Limited	12	-
212	647	ICT Holdings (Proprietary) Limited	647	212
17	21	W.U.M. Properties Limited t/a Namib Sun Hotels	21	17
2	1	Eros Air (Proprietary) Limited	1	2
7	2	W.U.M. Properties Limited t/a Model Pick 'n Pay	2	7
55	-	ICT Finance (Proprietary) Limited	-	55
118	416	Ohlthaver & List Trust Company Limited	416	118
3	-	Zambezi Lodge (Proprietary) Limited	-	3
414	1 099		1 099	414
		Long and medium term financing		
		W.U.M. Properties Limited		
80 000	64 000	Balance owing at the end of the period	64 000	80 000
(16 000)	(16 000)	Short-term portion included in current liabilities	(16 000)	(16 000)
64 000	48 000		48 000	64 000

Refer to note 10 for the terms of the loans.

Details of income received from fellow subsidiaries is disclosed in notes 14, 16 and 18:

COMPANY 2004 N$ 000's	COMPANY 2005 N$ 000's		GROUP 2005 N$ 000's	GROUP 2004 N$ 000's
		Revenue		
570	779	W.U.M. Properties Limited t/a Namib Sun Hotels	779	570
-	-	W.U.M. Properties Limited t/a Model Pick 'n Pay	227	262
570	779		1 006	832
		Interest		
25	54	Ohlthaver & List Trust Company Limited	54	25

Details of expenses paid to fellow subsidiaries are disclosed in notes 16 and 17:

COMPANY 2004 N$ 000's	COMPANY 2005 N$ 000's		GROUP 2005 N$ 000's	GROUP 2004 N$ 000's
		Interest		
22	17	Ohlthaver & List Trust Company Limited	17	22
1 188	6 634	W.U.M. Properties Limited	6 634	1 188
1 210	6 651		6 651	1 210

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		8.1 Holding company and fellow subsidiaries *(continued)*		
		Management fees		
1 568	1 542	Ohlthaver & List Trust Company Limited	1 542	1 568
		Directors fees		
444	465	Ohlthaver & List Trust Company Limited	465	444
		8.2 Other related parties		
		Details of (income received)/expenses paid to other related parties are disclosed in notes 16 and 17:		
		Management fees		
1 568	1 542	Guinness UDV (Proprietary) Limited	1 542	1 568
1 568	1 542	Heineken (Proprietary) Limited	1 542	1 568
3 136	3 084		3 084	3 136
		Purchases and fees for professional and consulting services		
11 279	570	Guinness UDV (Proprietary) Limited	570	11 279
97 004	43 257	Heineken (Proprietary) Limited	43 257	97 004
108 283	43 827		43 827	108 283
		Royalties		
-	3 808	Heineken (Proprietary) Limited	3 808	-
		Directors fees		
230	100	Engling, Stritter & Partners	100	230
186	270	Guinness UDV (Proprietary) Limited	270	186
166	220	Heineken (Proprietary) Limited	220	166
103	-	Brauerei Beck & Co	-	103
685	590		590	685
		Legal fees		
641	187	Engling, Stritter & Partners	187	641
		Technical fees		
-	170	Guinness UDV (Proprietary) Limited	170	-
118	1 753	Heineken (Proprietary) Limited	1 753	118
118	1 923		1 923	118

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		9. STATED CAPITAL		
		Ordinary - Authorised		
		299 000 000 shares of no par value (2004 - 299 000 000)		
		Ordinary - Issued		
1 024	1 024	206 529 000 shares of no par value (2004 - 206 529 000)	1 024	1 024

The 92 471 000 unissued shares of the Company are under the control of the Directors in terms of a members' resolution dated 3 December 2004. In terms of the Companies Act, this authority expires at the forthcoming Annual General Meeting. Members will accordingly be asked to extend this said authority until the Annual General Meeting to be held in 2006.

		10. LONG- AND MEDIUM-TERM FINANCING (ANNEXURE A)		
98 902	61 526	Secured loans	61 526	98 902
1 250	416	Unsecured loan	416	1 250
2 933	3 691	Lease creditors	3 691	2 933
103 085	65 633		65 633	103 085

Secured Loans

On 14 December 2001 the Company entered into a secured structured lease and leaseback agreement of N$40 million with Commercial Bank of Namibia Limited and NIB Namibia (Proprietary) Limited. In terms of Generally Accepted Accounting Practice this transaction is accounted for as a financial loan, which bears interest at 7.73% nacm (nominal annual compounded monthly) and is repayable in semi-annual payments until 31 December 2006. Interest rates and semi-annual repayments fluctuate with the underlying variable interest rate funding instruments, while security is provided in the form of a lease right over the leased property as detailed in note 23.

On 28 December 2001 the Company entered into a secured structured lease and leaseback agreement of N$40 million with Standard Bank of Namibia Limited. In terms of Generally Accepted Accounting Practice this transaction is accounted for as a financial loan, which bears interest at 7.58% nacm and is repayable in semi-annual payments until 31 December 2006. Interest rates and semi-annual repayments fluctuate with the underlying variable interest rate funding instruments, while security is provided in the form of a lease right over the leased property as detailed in note 23.

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's

10. LONG- AND MEDIUM-TERM FINANCING (ANNEXURE A) *(continued)*

Subordinated refundable semi-annual security deposits were placed with the lessors as from 30 June 2002. These increase annually and bear interest at 10.92% nacm and 8.50% nacm respectively. Withdrawals will be made in ten half-yearly amounts, commencing on 30 June 2007, and will increase annually.

On 30 April 2004 the Company entered into a loan agreement of N$40 million with WUM Properties Limited and financed by Standard Bank of Namibia Limited. The loan bears interest at 8.75% per annum and is repayable in equal semi-annual capital payments of N$4 million until 30 April 2009. Interest is payable monthly in arrears on the last business day of each month, while security is provided in the form of a put option to the bank.

On 30 April 2004 the Company entered into a loan agreement of N$40 million with WUM Properties Limited and financed by First National Bank of Namibia Limited. The loan bears interest at 8,75% per annum and is repayable in equal semi-annual capital payments of N$4 million until 30 April 2009. Interest is payable monthly in arrears on the last business day of each month, while security is provided in the form of a put option to the bank.

The fair values of these loans approximate their carrying value.

11. PROVISIONS

11.1 Provision for post-employment medical aid benefits

Company 2004	Company 2005	Movement of provision	Group 2005	Group 2004
-	3 968	Balance at beginning of the period	3 968	-
3 968	383	Amounts charged to income statement	383	3 968
3 968	4 351	Non-current balance at the end of the period	4 351	3 968

Post-employment medical aid benefits

The group provides for post-employment medical aid benefits in respect of retired employees. The present value of the provision at 30 June 2005, as determined by an actuarial valuation, was N$4,351 million.

11.2 Provision for restructuring costs

Company 2004	Company 2005	Movement of provision	Group 2005	Group 2004
-	-	Balance at beginning of the period	-	-
-	13 415	Amounts charged to income statement	13 415	-
-	13 415	Current balance at the end of the period	13 415	-

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's

11.2 Provision for restructuring costs *(continued)*

Restructuring

On 2 June 2005, the board of directors approved the closure of the Hansa Brewery, a division of Namibia Breweries Limited. Before the balance sheet date, 30 June 2005, the decision was communicated to all of those effected. The effective date of the closure is expected to be 31 October 2005.

The provision for restructring costs of N$13,415 milllion is in respect of retrenchment packages to be paid to employees as a result of the restructuring process. The costs are in accordance with an approved formal plan agreed upon between management and the employees concerned (also refer to note 15 for impairment of assets).

12. TRADE AND OTHER PAYABLES

Company 2004	Company 2005		Group 2005	Group 2004
48 983	81 363	Trade creditors	79 862	48 990
43 701	54 918	Accruals and pre-payments	65 239	43 722
92 684	136 281		145 101	92 712

13. SHORT-TERM BORROWINGS

Company 2004	Company 2005		Group 2005	Group 2004
486	15	Bank overdrafts	15	486
31 458	37 376	Current portion of secured long-term loans (Annexure A)	37 376	31 458
833	834	Current portion of an unsecured long-term loan (Annexure A)	834	833
2 602	2 607	Current portion of lease creditors (Annexure A)	2 607	2 602
35 379	40 832		40 832	35 379

14. REVENUE

Company 2004	Company 2005		Group 2005	Group 2004
1 290 917	876 446	Sale of goods	925 155	1 290 917
-	-	Other	228	262
1 290 917	876 446		925 383	1 291 179
		Inclusive of:		
570	779	Inter-group revenue	1 006	832
769 796	523 790	Export sales	523 790	769 796

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		15. OPERATING EXPENSES		
		Costs by nature		
550 359	444 032	Raw material and consumables	400 749	550 359
199 572	115 380	Employment costs	115 380	199 572
280 603	128 315	General charges	204 304	280 278
103 931	54 190	Railage and transport	86 134	103 931
42 406	22 901	Repairs and maintenance	22 902	42 406
		Restructuring costs		
-	13 414	- redundancy costs	13 414	-
-	8 847	- impairment of assets	8 847	-
77 544	33 460	Depreciation	34 693	77 802
1 254 415	820 539		886 423	1 254 348

The impairment relates to assets of the Hansa Brewery, for reasons as set out in note 11.2. The assets held by Hansa Brewery have been impaired based on the value in use up to the date of closure.

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		16. OPERATING PROFIT		
		Operating profit is arrived at after taking account of:		
		Income		
9 238	12 808	Realised gain on foreign exchange transactions	12 808	9 238
-	-	Related party income - rent	228	262
		Profit on disposal of property, plant and equipment:		
350	1 240	- land and buildings	1 240	350
4	-	- furniture and equipment	-	4
1 767	1 125	- vehicles	1 125	1 767
1 303	213	- plant & machinery	213	1 303
407	-	Profit on disposal of subsidiary	-	746
		Expenses		
1 276	877	Audit fees - current year	912	1 276
81	210	- other services	210	81
77 544	33 460	Depreciation	34 693	77 802
-	1 272	Amortisation - intangible asset	1 272	-
18 685	4 192	Executive directors - refer Annexure D	4 192	18 685
1 568	1 542	Intergroup charges - fees	1 542	1 568
-	6 222	- purchases	6 222	-
		- directors fees (non-executive)		
444	465	refer Annexure D	465	444
1 210	6 651	- interest	6 651	1 210
-	3 808	Related party charges - royalties	3 808	-
		- directors fees (non-executive)		
685	590	refer Annexure D	590	685
641	187	- legal fees	187	641
3 136	3 084	- management fees	3 084	3 136
108 283	43 827	- purchases	43 827	108 283
13 817	1 923	- technical fees/professional and consulting	1 923	13 817
		Loss on disposal of property, plant and equipment:		
68	2	- plant & machinery	2	68
1 762	108	- vehicles	108	1 762
136	30	- furniture & equipment	30	136
-	4	- land and buildings	4	-
-	19	- containers	19	-
16 938	14 220	Realised loss on foreign exchange transactions	14 220	16 938
2 565	1 217	Research and development cost	1 217	2 565
		Operating lease payments		
1 424	1 649	- land and buildings	1 649	1 424
60	14	- plant and machinery	14	60
4 105	1 275	Finance lease payments - vehicles	1 275	4 105
14 549	4 529	Impairment of containers to deposit value	4 529	14 549

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		17. FINANCE COSTS		
12 650	9 189	Bank and other (including lease finance charges)	9 189	12 650
1 210	6 651	Holding company and fellow subsidiaries	6 651	1 210
174	-	Preference share dividend	-	174
14 034	15 840		15 840	14 034
		18. INCOME FROM INVESTMENTS		
3 948	1 334	Interest - bank and other	2 198	3 948
25	54	- holding company and fellow subsidiaries	54	25
3 973	1 388		2 252	3 973
		19. TAXATION		
6 354	(3 765)	Namibian taxation	(3 801)	6 221
1 131	2 972	South African taxation	2 973	1 131
7 485	(793)		(828)	7 352
		Comprising		
6 354	(1 533)	Deferred taxation - current period: Namibian	(1 568)	6 221
-	(2 232)	Deferred taxation - prior period: Namibian	(2 232)	-
1 131	2 972	Deferred taxation - current period: South African	2 972	1 131
7 485	(793)		(828)	7 352

No provision has been made for current taxation as the Group has an estimated tax loss of N$70,9 million (2004 - N$45,7 million) which is available to be carried forward and set off against future taxable income.

No provision for taxation has been made for subsidiaries as tax losses brought forward exceed their taxable income.

No deferred taxation asset has been raised for tax losses of certain subsidiaries as the extent of the probable recoverability of future taxable profits cannot be estimated with any reasonable certainty.

COMPANY 2004	COMPANY 2005		GROUP 2005	GROUP 2004
80 881	89 777	Estimated tax losses available for set-off against future taxable income	105 538	81 045
(35 321)	(34 954)	Less: Applied to offset any deferred taxation liability	(34 954)	(35 325)
45 560	54 823		70 854	45 720
(45 560)	(54 823)	Utilised to create deferred tax asset	(54 877)	(45 720)
-	-	Available to reduce future taxable income	15 707	-

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		19. TAXATION *(continued)*		
%	%	**Reconciliation of rate of taxation**	%	%
35.0	35.0	Namibian normal rate of taxation	35.0	35.0
		(Reduction)/increase in rate of taxation		
(7.7)	(0.5)	- permanent differences	(0.9)	(7.6)
-	3.3	- effect of tax losses now utilised	10.1	(0.6)
(61.4)	(43.5)	- incentive allowances	(74.9)	(60.8)
-	-	- current tax losses available for future taxable income	21.7	-
11.1	7.8	- permanent differences	12.7	11.7
(23.0)	2.1	Effective rate of taxation	3.7	(22.3)
		20. EARNINGS, HEADLINE EARNINGS AND DIVIDENDS PER ORDINARY SHARE		
		20.1 Earnings per ordinary share (cents)		
		The calculation of earnings per ordinary share is based on:		
40 020	37 510	Net profit attributable to ordinary shareholders	21 392	40 216
206 529	206 529	Number of shares in issue (000's)	206 529	206 529
19.4	18.2	Earnings per ordinary share (cents)	10.4	19.5

20.2 Headline earnings per ordinary share (cents)

The calculation of headline earnings per ordinary share is based on 206 529 000 (2004 - 206 529 000) ordinary shares in issue during the period, and headline earnings calculated as follows:

Reconciliation between earnings and headline earnings.

	GROUP 2005	GROUP 2004
Net profit attributable to ordinary shareholders	21 392	40 216
Net profit on sale of fixed assets (after tax)	(1 569)	(948)
Profit on sale of subsidiary (after tax)	-	(485)
Impairment of fixed assets (after tax)	5 750	-
Headline earnings	25 573	38 783
Headline earnings per ordinary share (cents)	12.4	18.8

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		20.3 Dividends - ordinary shares		
		Final		
22 080	-	(2004: 11.00 cents per share)	-	22 080
		Interim dividend		
		22.00 cents per share		
-	44 512	declared: 2 September 2004; paid: 12 November 2004	44 512	-
		5.50 cents (2004: 11.00 cents) per share		
22 080	11 128	declared: 10 March 2005; paid: 3 May 2005	11 128	22 080
44 160	55 640		55 640	44 160

The dividend paid is shown after the elimination of dividends received from unissued shares held in the Share Purchase Trust.

COMPANY 2004	COMPANY 2005		GROUP 2005	GROUP 2004
		Dividend per ordinary share (cents)		
11.00	-	Final dividend (cents)	-	11.00
11.00	27.50	Interim dividend (cents)	27.50	11.00
22.00	27.50		27.50	22.00

On 29 September 2005 the directors declared a dividend of 1.80 cents per ordinary share. This dividend will be paid on 14 November 2005.

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		21. NOTES TO THE CASH FLOW STATEMENTS		
		21.1 Cash generated by operations		
32 535	38 303	Net profit before taxation	22 220	32 864
		Adjustments for:		
77 544	33 460	Depreciation	34 693	77 802
-	1 272	Amortisation	1 272	-
(1 458)	(2 415)	Net profit on disposal of property, plant and equipment	(2 415)	(1 458)
(6 094)	3 152	(Impairment)/reversal of impairment NBL Share Purchase Trust	3 152	(6 094)
-	10 147	Other impairment	10 147	-
-	(623)	Movement in derivative financial instruments	(623)	-
3 968	13 798	Increase in provisions	13 798	3 968
(407)	-	Profit on sale of subsidiary	-	(746)
(3 973)	(1 388)	Income from investments	(2 252)	(3 973)
14 034	15 840	Finance costs	15 840	14 034
116 149	111 546	Operating profit before working capital changes	95 832	116 397
(28 940)	(38 821)	Working capital changes	47 246	(28 927)
907	29 053	Inventories	18 947	907
6 986	(28 131)	Trade and other receivables	(23 413)	6 986
(37 188)	43 597	Trade and other payables	52 389	(37 175)
355	(83 340)	Holding company and fellow subsidiaries	(677)	355
87 209	72 725	Cash generated by operations	143 078	87 470
		21.2 Dividends paid		
		Dividends paid are reconciled to the amounts disclosed in the statement of changes in equity as follows:		
(44 160)	(55 640)	Ordinary dividends per statement of changes in equity	(55 640)	(44 160)
		21.3 Taxation recovered		
		Taxation recovered is reconciled to the amounts disclosed in the income statement as follows:		
13 989	-	Amounts overpaid at beginning of period	-	13 989
13 989	-	Cash amounts recovered	-	13 989
		21.4 Proceeds on disposal of subsidiary		
1 093	-	Carrying value of subsidiary	-	684
407	-	Add: Profit on sale of shares in subsidiary	-	746
1 500	-		-	1 430

Notes to the Financial Statements

COMPANY for the 17 months ended 30 June 2004 N$ 000's	COMPANY for the 12 months ended 30 June 2005 N$ 000's		GROUP for the 12 months ended 30 June 2005 N$ 000's	GROUP for the 17 months ended 30 June 2004 N$ 000's
		21.5 Cash and cash equivalents		
36 314	1 664	Cash at bank	65 350	36 314
53 509	34 409	Funds on call and short-term investments	34 409	53 509
89 823	36 073		99 759	89 823
		22. CAPITAL COMMITMENTS		
		Authorised		
32 591	33 579	Contracted for	33 579	32 591
17 850	8 725	Not contracted for	8 725	17 850
50 441	42 304		42 304	50 441
		This proposed capital expenditure is to be financed by own funds.		
		23. ENCUMBERED ASSETS AND SECURED LIABILITIES		
		Assets with the following carrying values:		
5 318	6 001	Leased vehicles	6 001	5 318
60 035	58 325	Freehold Land and Buildings	58 325	60 035
		are encumbered to secure the following liabilities:		
5 535	6 298	Lease creditors (Annexure A)	6 298	5 535
50 360	34 902	Secure Loans (Annexure A)	34 902	50 360
		24. RETIREMENT BENEFIT INFORMATION		
		Retirement fund		
		The total value of contributions to the Ohlthaver & List Retirement Fund during the period amounted to:		
7 189	4 419	Members	4 419	7 189
11 297	6 945	Employer contributions	6 945	11 297
18 486	11 364		11 364	18 486
		This is a defined contribution plan and is regulated by the Pension Fund Act. The fund is valued at intervals of not more than three years. The fund was valued by an independent consulting actuary during the course of 2005 and its assets were found to exceed its actuarially calculated liabilities.		
		Medical aid fund		
11 555	4 351	Total value of company contributions during the period	4 351	11 555
		25. CONTINGENT LIABILITY		
-	4 700	Guarantees and suretyships	4 700	-

The suretyships are held with First Rand Bank Limited in favour of the South African Revenue Services. These relate to the VAT Deferment accounts at the different South African Border Posts.

Notes to the Financial Statements

26. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of bank balances, foreign exchange contracts, accounts receivable and payable, investments, loans to and from subsidiaries and leases. The book values of these instruments approximates their fair value. The Group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency and interest rates. Currency and interest rate exposure is managed within Board approved policies and guidelines.

26.1 Foreign currency management

The Group appropriately hedges all foreign purchases in order to manage its foreign currency exposure. Forward foreign exchange contracts are entered into in order to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions.

The following table summarises by major currency the unutilised forward exchange contracts and amounts to be paid/ received in foreign currency:

	Foreign amount		Average rate		Namibia Dollar amount	
	2005 '000	2004 '000	2005	2004	2005 N$ '000	2004 N$ '000
Forward exchange contracts:						
Euro	375	5 000	7.96	7.81	2 984	39 050
US Dollars	162	-	6.37	-	1 034	-
Other currencies	7	-	5.16	-	35	-
Forward covers	12 300	-	8.23	-	101 201	-
These contracts will be utilised during the next twelve months. No amounts were recognised during the year against equity as a result of cash flow hedges.						
Receivables:						
US Dollars	239	75	6.31	7.01	1 509	529
Pound Sterling	11	10	11.83	12.69	133	131
					1 642	660

26.2 Interest rate risk management

The Group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating borrowings.

Term borrowings were entered into at a fixed interest rate in anticipation of potential future interest rate increases.

26.3 Credit risk management

Financial assets which potentially subject the Group to a concentration of credit risk consist principally of cash, funds on call and trade receivables. The Group's cash equivalents and funds on call are placed with high credit quality financial institutions. Trade receivables are presented net of the allowance for doubtful receivables. The Group has no significant concentration of credit risk or significant exposure to any individual customer or counterparty.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

	2005	2004
26.3 Credit risk management *(continued)*		
Major concentrations of credit risk that arise from the Group's receivables in relation to the industry categories and location of the customers by the percentage of total receivables from customers are:	%	%
Trading industry	100.00	100.00
Namibia	27.64	37.65
RSA	60.48	49.44
Other export markets	11.88	12.91
	100.00	100.00

	2005	2004
26.4 Liquidity risk management	N$ '000	N$ '000
The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.		
Borrowing capacity is determined by the directors of the Company in terms of the Articles of Association. The directors consider a ratio of not higher than 50% of shareholders' equity, as acceptable.	156 135	173 259
Less total borrowings	(106 465)	(138 464)
Unutilised borrowing capacity	49 670	34 795

26.5 Fair value

The fair value of all financial instruments are substantially identical to the carrying amounts reflected in the balance sheet.

27. DIRECTORS' INTERESTS

Interests of directors of the Company in share capital

At the financial year end the directors were directly interested in the Company's issued shares as follows:

	2005	2004
	%	%
Ordinary shares		
Directly	0.03	0.03

Individual directors' interest - refer Annexure D

No individual director has a direct shareholding in excess of 1% of the issued shares of the Company.

The Company has not been informed of any material changes in these holdings as at the date of this report.

28. INTEREST IN JOINT VENTURE

Jointly controlled operation

The Group, Heineken and Diageo operate a jointly controlled operation known as brandhouse, the principal activity of which is the sales, distribution and marketing of the venturer's products.

Notes to the Financial Statements

29. SEGMENT REPORTING

Business segmentation

For management purposes, the Group is currently organised into three operating divisions - beer, soft drinks and other products. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

	Beer		Softs		Other		Total	
	for 12 months ended 30 June 2005 N$ 000's	for 17 months ended 30 June 2004 N$ 000's	for 12 months ended 30 June 2005 N$ 000's	for 17 months ended 30 June 2004 N$ 000's	for 12 months ended 30 June 2005 N$ 000's	for 17 months ended 30 June 2004 N$ 000's	for 12 months ended 30 June 2005 N$ 000's	for 17 months ended 30 June 2004 N$ 000's
Segment revenue	805 169	1 078 763	111 132	156 539	9 082	55 877	925 383	1 291 179
- Segment expenses	(748 840)	(1 049 764)	(107 650)	(151 492)	(7 881)	(42 324)	(864 371)	(1 243 580)
Segment results	56 329	28 999	3 482	5 047	1 201	13 553	61 012	47 599
Unallocated corporate expenses							(22 052)	(10 768)
Operating profit							38 960	36 831
Finance costs							(15 840)	(14 034)
Income from investments							2 252	3 973
(Impairment)/reversal of impairment of loan granted to Share Purchase Trust							(3 152)	6 094
Profit before taxation							22 220	32 864
Taxation							(828)	7 352
Net profit for the year							21 392	40 216
BALANCE SHEET								
Segment assets								
Assets	419 478	399 680	52 934	75 963	4 078	5 266	476 490	480 909
Unallocated corporate assets							130 629	119 597
Consolidated total assets							607 119	600 506
Segment liabilities								
Liabilities	130 073	75 074	13 628	16 683	1 400	955	145 101	92 712
Unallocated corporate liabilities							149 748	161 276
Consolidated total liabilities							294 849	253 988

OTHER INFORMATION	Beer		Softs		Other and unallocated		Total	
Capital expenditure - Property, plant and equipment	55 379	63 913	6 223	14 203	622	789	62 224	78 905
Capital expenditure - Intangible asset	10 386	-	1 167	-	117	14 127	11 670	14 127
Depreciation	30 877	63 020	3 469	14 004	347	778	34 693	77 802
Amortisation	1 132	-	127	-	13	-	1 272	-

Notes to the Financial Statements

29. SEGMENT REPORTING *(continued)*

Geographical segmentation

The Group's operations are located in Namibia. The Group's products are either sold on the local market or are exported to other African countries. Exports to Europe take place on a small scale.

The following table provides an analysis of the Group's sales by geographical market.

	for the 12 months ended 30 June 2005 N$ 000's	for the 17 months ended 30 June 2004 N$ 000's
REVENUE		
- Local	401 593	521 383
- Export	523 790	769 796
Total segment revenue	925 383	1 291 179

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by geographical area in which the assets are located:

	2005 N$ 000's	2004 N$ 000's
CARRYING AMOUNT OF SEGMENT ASSETS		
- Local	447 139	473 191
- Export	159 980	127 315
Total segment assets	607 119	600 506
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
- Local	52 672	74 982
- Export	9 552	3 923
Total additions	62 224	78 905
ADDITIONS TO INTANGIBLE ASSET		
- Local	11 670	14 127
- Export	-	-
Total additions	11 670	14 127

Notes to the Financial Statements

30. CHANGE IN ACCOUNTING POLICIES

The Group adopted the following Accounting Standard during the year under review:

30.1 IAS 17 (AC105) - Leases

The change in the manner of recognising lease payments arises as a result of a change in interpretation of IAS 17 (AC 105) by Namibian entities in order to align the Namibian practice with that applied internationally. The effect of the revised interpretation is that the operating lease payments will be recognised on a straight-line basis over the lease term, and not when cash is paid.

This change in accounting policy does not have an effect on the current financial statements as it was immaterial.

31. CHANGE IN ACCOUNTING ESTIMATE

During the year the board revised the estimated useful lives of plant and machinery to more accurately reflect the diminution in value in line with industry benchmarks.

This change has been prospectively applied and thus no restatement of the prior year figures has been made. The effect of this change is a reduction in the current year depreciation for plant and machinery by N$14.3 million.

Annexure A

	Interest Rate		Company		Group	
	2005	2004	2005	2004	2005	2004
	%	%	N$ 000's	N$ 000's	N$ 000's	N$ 000's
INTEREST-BEARING BORROWINGS						
PREFERENCE SHARE CAPITAL						
Authorised but not issued						
1 000 000 Variable rate redeemable preference shares of N$0.50 each			500	500	500	500
SECURED LOANS						
Commercial Bank of Namibia Limited	7.73	16.46	18 010	25 924	18 010	25 924
Standard Bank of Namibia Limited	7.58	14.83	16 892	24 436	16 892	24 436
WUM Properties - Standard Bank of Namibia Limited	8.75	9.24	32 000	40 000	32 000	40 000
WUM Properties - First National Bank of Namibia Limited	8.75	9.24	32 000	40 000	32 000	40 000
Less: Current portion included in short-term borrowings			37 376	31 458	37 376	31 458
Long-term portion of secured loans			61 526	98 902	61 526	98 902
Repayable in six-monthly installments ranging from N$4 000 000 to N$7 025 527						
UNSECURED LOAN						
European Investment Bank	11.85	11.85	1 250	2 083	1 250	2 083
Less: Current portion included in short-term borrowings			834	833	834	833
Long-term portion of unsecured loan			416	1 250	416	1 250

Repayable in six-monthly installments of N$416 667

Annexure A

	Interest Rate		Company		Group	
	2005	2004	2005	2004	2005	2004
	%	%	N$ 000's	N$ 000's	N$ 000's	N$ 000's
LEASE CREDITORS *(continued)*						
Repayable in monthly installments of N$567 884 (2004: N$360 296)	12.25	12.5	6 298	5 535	6 298	5 535
Less: Current portion included in short-term borrowings			2 607	2 602	2 607	2 602
Long-term portion of lease creditors			3 691	2 933	3 691	2 933
TOTAL LONG- AND MEDIUM-TERM FINANCING			65 633	103 085	65 633	103 085
ANALYSIS OF REPAYMENTS						
Repayable during the 12 months to:						
30 June 2006			40 816	34 893	40 816	34 893
30 June 2007			32 120	39 877	32 120	39 877
30 June 2008			17 257	30 957	17 257	30 957
30 June 2009			16 257	16 250	16 257	16 250
Repayable thereafter			-	16 000	-	16 000
			106 450	137 977	106 450	137 977
ANALYSIS BY CURRENCY						
NAD			106 450	137 977	106 450	137 977

Annexure B

PROPERTY, PLANT AND EQUIPMENT

	Freehold land & buildings N$ 000's	Leasehold land & buildings N$ 000's	Plant & machinery N$ 000's	Vehicles N$ 000's	Furniture & equipment N$ 000's	Returnable containers N$ 000's	Total N$ 000's
GROUP							
2005							
Gross carrying amount							
Balance at beginning of year	127 228	8 495	317 186	60 608	31 484	15 442	560 443
Additions	1 910	2 970	34 867	19 305	3 172	-	62 224
Transfers in	10 465	-	14 155	-	-	-	24 620
Disposals	(34 491)	-	(6 842)	(7 222)	(3 536)	(2 038)	(54 129)
Transfers out	(10 465)	-	(14 155)	-	-	-	(24 620)
Impairment	(4 826)	-	(3 850)	(150)	(21)	-	(8 847)
Revaluation	-	(1 300)	-	-	-	-	(1 300)
Other movements	-	-	(28)	-	28	-	-
Net balance at end of year	89 821	10 165	341 333	72 541	31 127	13 404	558 391
Accumulated depreciation							
Balance at beginning of year	14 153	5 429	212 530	45 389	18 966	165	296 632
Depreciation charges	1 007	314	19 695	9 689	4 356	-	35 061
Accumulated depreciation on disposals	(3 578)	-	(5 316)	(6 159)	(1 786)	-	(16 839)
Other movements	-	(368)	-	-	-	-	(368)
Net balance at end of year	11 582	5 375	226 909	48 919	21 536	165	314 486
Net carrying amount at end of year	78 239	4 790	114 424	23 622	9 591	13 239	243 905
2004							
Gross carrying amount							
Balance at beginning of period	126 749	8 492	270 426	66 457	27 327	15 598	515 049
Additions	7	3	64 423	9 896	3 549	1 027	78 905
Disposals	(2 026)	-	(14 116)	(15 745)	(441)	(1 183)	(33 511)
Other movements	2 498	-	(3 547)	-	1 049	-	-
Net balance at end of period	127 228	8 495	317 186	60 608	31 484	15 442	560 443
Accumulated depreciation							
Balance at beginning of period	11 926	5 105	169 542	43 015	13 317	165	243 070
Depreciation charges	3 541	324	54 426	13 574	5 937	-	77 802
Accumulated depreciation on disposals	(1 314)	-	(11 438)	(11 200)	(288)	-	(24 240)
Other movements	-	-	-	-	-	-	-
Net balance at end of period	14 153	5 429	212 530	45 389	18 966	165	296 632
Net carrying amount at end of period	113 075	3 066	104 656	15 219	12 518	15 277	263 811

Annexure B

PROPERTY, PLANT AND EQUIPMENT

	Freehold land & buildings N$ 000's	Leasehold land & buildings N$ 000's	Plant & machinery N$ 000's	Vehicles N$ 000's	Furniture & equipment N$ 000's	Returnable containers N$ 000's	Total N$ 000's
COMPANY							
2005							
Gross carrying amount							
Balance at beginning of year	127 228	5 037	317 139	60 608	31 484	15 441	556 937
Additions	1 910	-	29 807	19 305	1 650	-	52 672
Transfers in	10 465	-	14 155	-	-	-	24 620
Disposals	(34 491)	-	(6 843)	(7 222)	(3 536)	(2 038)	(54 130)
Transfers out	(10 465)	-	(14 155)	-	-	-	(24 620)
Impairment	(4 826)	-	(3 850)	(150)	(21)	-	(8 847)
Other movements	-	-	(28)	-	28	-	-
Net balance at end of year	89 821	5 037	336 225	72 541	29 605	13 403	546 632
Accumulated depreciation							
Balance at beginning of year	14 153	4 459	212 507	45 389	18 966	164	295 638
Depreciation charges	1 007	57	18 433	9 689	4 274	-	33 460
Accumulated depreciation on disposals	(3 578)	-	(5 316)	(6 159)	(1 786)	-	(16 839)
Other movements	-	-	-	-	-	-	-
Net balance at end of year	11 582	4 516	225 624	48 919	21 454	164	312 259
Net carrying amount at end of year	78 239	521	110 601	23 622	8 151	13 239	234 373
2004							
Gross carrying amount							
Balance at beginning of period	124 850	5 034	270 378	66 457	27 327	15 597	509 643
Additions	6	3	64 424	9 896	3 549	1 027	78 905
Disposals	(126)	-	(14 116)	(15 745)	(441)	(1 183)	(31 611)
Other movements	2 498	-	(3 547)	-	1 049	-	-
Net balance at end of period	127 228	5 037	317 139	60 608	31 484	15 441	556 937
Accumulated depreciation							
Balance at beginning of period	10 711	4 379	169 532	43 015	13 317	164	241 118
Depreciation charges	3 541	80	54 412	13 574	5 937	-	77 544
Accumulated depreciation on disposals	(99)	-	(11 437)	(11 200)	(288)	-	(23 024)
Other movements	-	-	-	-	-	-	-
Net balance at end of period	14 153	4 459	212 507	45 389	18 966	164	295 638
Net carrying amount at end of period	113 075	578	104 632	15 219	12 518	15 277	261 299

Annexure B

	20% Information system and business re-engineering **2005** **N$ 000's**	20% Information system and business re-engineering **2004** **N$ 000's**
INTANGIBLE ASSET		
GROUP & COMPANY		
Gross carrying amount		
Balance at beginning of period	14 127	-
Additions	11 670	14 127
Net balance at end of period	25 797	14 127
Accumulated amortisation		
Balance at beginning of period	-	-
Amortisation charges	1 272	-
Net balance at end of period	1 272	-
Net carrying amount at end of period	24 525	14 127

Annexure C

	Issued Capital	Effective Holding		Interest of Holding Company Shares		Indebtedness	
		2005	**2004**	**2005**	**2004**	**2005**	**2004**
	N$ 000's	**%**	**%**	**N$ 000's**	**N$ 000's**	**N$ 000's**	**N$ 000's**
PRINCIPAL INTEREST IN SUBSIDIARIES							
Subsidiary Company							
BEVERAGES							
Hansa Brauerei (Proprietary) Limited	160	100	100	160	160	(160)	(160)
NBL (RSA) (Proprietary) Limited	-	100	-	-	-	-	-
PROPERTY							
Namundjebo Northgate Properties (Proprietary) Limited	-	100	100	828	2 128	1 512	1 713
Northgate Exports (Proprietary) Limited	-	100	100	-	-	-	-
				988	2 288	1 352	1 553

Annexure D

Directors'	2005 N$ '000 Management fees	2005 N$ '000 Consulting/ Basic fees	2005 N$ '000 salary	2005 N$ '000 Other Bonuses	2005 N$ '000 Pension/ Benefits	2005 N$ '000 Medical Aid	2005 N$ '000 Total	2004 N$ '000 Total
DIRECTORS' EMOLUMENTS								
Executive directors								
OS Adebanji	60	-	377	-	171	-	608	-
CD Duffy	-	-	306	-	421	-	727	-
E Ender	-	-	533	22	72	161	788	1 158
M von Blottnitz	-	-	641	-	607	-	1 248	1 254
LJ Matthews *	-	-	-	-	-	-	-	2 959
H Pfaller *	-	-	-	-	-	-	-	3 097
SJ van Rooijen	-	-	-	-	-	-	-	1 503
A Homann *	-	-	-	-	-	-	-	2 934
Non-executive directors								
NB Blazquez	80	-	-	-	-	-	80	-
AJM Blum	60	-	-	-	-	-	60	83
TA de Man	100	-	-	-	-	-	100	83
HB Gerdes	100	-	-	-	-	-	100	166
P Gruttemeyer	80	-	-	-	-	-	80	-
DHC Hampshire	90	-	-	-	-	-	90	103
TZ Hijarunguru	100	-	-	-	-	-	100	62
CL List	100	-	-	-	-	-	100	106
PS Litherland	100	-	-	-	-	-	100	-
BHW Masche *	-	881	-	-	-	-	881	5 780
S Thieme	185	-	-	-	-	-	185	232
AC van Sitters	-	-	-	-	-	-	-	-
D Ammer	-	-	-	-	-	-	-	53
M Jacobs	-	-	-	-	-	-	-	25
S Descheemacker	-	-	-	-	-	-	-	25
UM Stritter	-	-	-	-	-	-	-	64
HE List	-	-	-	-	-	-	-	44
D Armstrong	-	-	-	-	-	-	-	83
Total emoluments	1 055	881	1 857	22	1 271	161	5 247	19 814
Paid by								
Company							4 192	18 685
Holding Company							465	444
Other related entities							590	685
							5 247	19 814

* Included in emoluments for the prior period are restraint of trade payments to LJ Matthews (N$1,876 million), H Pfaller (N$2,500 million), BHWMasche (N$5,000 million) and A Homann (N$1,667 million).

Annexure D

	2005 Number of ordinary shares held	2005 %	2004 Number of ordinary shares held	2004 %
DIRECTOR'S HOLDINGS IN SHARES				
Names				
E Ender	15 200	0.01	15 200	0.01
HB Gerdes	17 000	0.01	17 000	0.01
S Thieme	16 000	0.01	16 000	0.01
TZ Hijarunguru	20	0.00	20	0.00
P Gruttemeyer	2 000	0.00	2 000	0.00
BHW Masche	10 000	0.00	1 000	0.00

All the shareholdings are directly beneficial and no director holds shares indirectly.

Notice to Shareholders

Notice is hereby given that the 84th Annual General Meeting of the shareholders of the Company will be held in the auditorium of Namibia Breweries Limited, Namibia Breweries premises, Iscor Street, Northern Industrial Area, Windhoek on Friday 2 December 2005 at 10h00 for the following purposes:

1. To receive and consider, and if approved, adopt the Group Annual Financial Statements and the Report of the Independent Auditors for the financial year ended 30 June 2005 as submitted, and to confirm all matters and things undertaken and discharged by the directors on behalf of the Company.
2. To elect directors in place of Messrs TA de Man, TZM Hijarunguru, C-L List and PS Litherland who retire by rotation in accordance with the Company's Articles of Association but, being eligible, offer themselves for re-election.
3. To confirm the appointment of Messrs CD Duffy and AC van Citters who were appointed as directors subsequent to the previous financial year end.
4. To approve the directors' remuneration as set out in the financial report.
5. To authorize the directors to determine the auditors' remuneration.
6. To place the unissued 92 471 000 ordinary shares of no par value of the Company under the control of the directors who shall be authorised to allot all or any of those shares at their discretion on such terms and conditions and at such times as they may deem fit.
   a) that this authority shall not extend beyond 15 (fifteen) months from the date of the annual general meeting;
   b) that a press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5 (five) percent or more of the number of shares in issue prior to the issue/s;
   c) that, issues in the aggregate in any one year shall not exceed 15 (fifteen) percent of the number of shares of the company's issued ordinary share capital;
   d) that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10 percent of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and
   e) a 75% majority of votes cast by shareholders present or represented by proxy at the annual general meeting is required to approve the ordinary resolution.
7. To confirm the payment of a further dividend of 1.8 cents, which had been approved by the directors, to the holders of ordinary shares, registered in the books of the Company at the close of business on 14 October 2005 and payable on 14 November 2005.
8. To transact such other business as may be transacted at an Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. In order to be effective, proxy forms should be forwarded to reach the registered office of the Company not less than 48 hours prior to the time of the meeting.

By order of the board
Ohlthaver & List Centre (Proprietary) Limited
Secretaries

Windhoek
10 November 2005 at 10h00

SHAREHOLDERS' DIARY

Annual General Meeting		Friday, 2 December 2005 at 10h00
Reports		**Published**
Interim Financial Report		10 March 2005
Abridged Financial Report		29 September 2005
Annual Financial Statements		November 2005
Dividends	**Declared**	**Paid**
Interim	10 March 2005	3 May 2005
Interim	29 September 2005	14 November 2005

Proxy

for the 84th Annual General Meeting of

NAMIBIA BREWERIES LIMITED
Registration number 2/1920

The Secretaries
Namibia Breweries Limited
PO Box 16, Windhoek, Namibia

I/We .... (name in full)

of .... (address)

being a shareholder of .... (no. of shares) of the abovementioned Company hereby appoint

(a) .... (name); or failing him/her

(b) .... (name); or failing him/her

(c) .... (name).

or failing him/her, the chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 84th Annual General Meeting of the Company to be held in the auditorium of Namibia Breweries Limited, Namibia Breweries premises, Iscor Street, Northern Industrial Area, Windhoek on Friday 2 December 2005 at 10h00 and at any adjournment thereof, in particular to vote for/against/abstain* the resolutions contained in the notice of the meeting.

I/we desire as follows:

Item Number	For	Against	Abstain
1. Adoption of the annual financial statements			
2. Re-election of retiring directors			
TA de Man			
TZM Hijarunguru			
C-L List			
PS Litherland			
3. Confirmation of appointment of directors appointed since previous year end			
4. Approval of directors' remuneration			
5. Authorisation of directors to approve auditors' remuneration			
6. General authority to the directors to allot and issue shares			
7. Confirmation of interim dividend			

*Please indicate by inserting an ('x') in the appropriate block either "for/against/abstain". If no indication is given, the proxy may vote as he/she deems fit.

Signed at..this.........day of.......................2005.

Signature(s) of shareholder..

NOTES TO THE PROXY

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and, on a poll, to vote in his/her stead.
2. Shareholders who wish to appoint proxies must lodge their proxy forms at the registered office of the Company not later than 48 hours prior to the time of the meeting.
3. In respect of shareholders which are companies, an extract of the relevant resolution of directors must be attached to the proxy form.

Notes