

# Condensed Consolidated Interim Financial Statements

Condensed Income Statement	6 months ended 31 Dec 08 NS'000 Unaudited	6 months ended 31 Dec 07 NS'000 Unaudited Restated	12 months ended 30 Jun 08 NS'000 Audited
Revenue	823,764	715,340	1,331,396
Operating profit before depreciation	155,050	112,756	217,768
Depreciation (Note 4)	(16,927)	(17,513)	(36,184)
Operating profit	138,123	95,243	181,584
Finance costs	(1,315)	(1,898)	(4,581)
Finance income	3,719	6,919	13,109
Equity loss from joint venture	(22,266)	-	(6,266)
Profit before taxation	118,261	100,264	183,846
Taxation (Note 6)	(33,645)	(22,058)	(42,447)
Profit attributable to ordinary shareholders	84,616	78,206	141,399
Ordinary shares in issue (thousands)	206,529	206,529	206,529
Basic earnings per share (cents)	41.0	37.9	68.5
Dividend per ordinary share (cents)	17.6	15.0	32.3

Consolidated Condensed Balance Sheet	31 Dec 08 NS'000 Unaudited	31 Dec 07 NS'000 Unaudited Restated	30 Jun 08 NS'000 Audited
<b>ASSETS</b>			
Property, plant and equipment (Note 4)	416,971	331,631	348,954
Intangible assets (Note 5)	1,935	12,101	3,870
Investments and loans	493,938	12,788	476,204
Deferred taxation asset	2,154	6,314	7,331
	914,998	362,834	836,359
Current assets	554,297	483,977	520,277
<b>Total assets</b>	<b>1,469,295</b>	<b>846,811</b>	<b>1,356,636</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shareholders' equity	579,512	503,910	531,315
Deferred income	265,629	-	249,579
Interest-bearing loans and borrowings	4,972	12,027	4,348
Non-interest bearing loans and payables	199,228	-	220,270
Deferred taxation liability	88,702	94,234	94,129
Post employment medical aid benefit plan	6,647	6,641	-
	1,144,690	616,812	1,106,288
Current liabilities	324,605	229,999	250,348
<b>Total equity and liabilities</b>	<b>1,469,295</b>	<b>846,811</b>	<b>1,356,636</b>

Consolidated Condensed Cash Flow Statement	6 months ended 31 Dec 08 NS'000 Unaudited	6 months ended 31 Dec 07 NS'000 Unaudited Restated	12 months ended 30 Jun 08 NS'000 Audited
Cash generated before working capital changes	151,936	115,622	228,537
Working capital changes	78,150	(95,353)	(40,833)
Cash generated by operations	230,086	20,269	187,704
Net finance income	2,404	5,021	8,528
Dividends paid	(36,419)	(30,979)	(66,767)
Taxation paid	(12,013)	(33,253)	(48,960)
Net cash flow from operating activities	184,058	(38,942)	80,505
Net cash flow from investing activities	(124,885)	(23,190)	(60,302)
Net cash flow from financing activities	(126,387)	(8,770)	(16,893)
Net movement in cash and cash equivalents	(67,214)	(70,902)	3,310

Consolidated Condensed Statement of Changes in Equity	6 months ended 31 Dec 08 NS'000 Unaudited	6 months ended 31 Dec 07 NS'000 Unaudited Restated	12 months ended 30 Jun 08 NS'000 Audited
Ordinary shareholders' equity			
Balance at beginning of period / year	531,315	456,683	456,683
Profit attributable to ordinary shareholders	84,616	78,206	141,399
Dividends on ordinary shares	(36,419)	(30,979)	(66,767)
Ordinary shareholders' equity at end of period / year	579,512	503,910	531,315

Consolidated Condensed Segmental Analysis	6 months ended 31 Dec 08 NS'000 Unaudited	6 months ended 31 Dec 07 NS'000 Unaudited Restated	12 months ended 30 Jun 08 NS'000 Audited
<b>Business segmentation</b>			
Segment revenue			
Beer	718,598	635,694	1,195,775
Softs	84,740	76,428	126,058
Other	20,426	3,218	9,563
<b>Total</b>	<b>823,764</b>	<b>715,340</b>	<b>1,331,396</b>
<b>Geographical segmentation</b>			
Segment revenue			
Local	345,151	285,305	526,360
Export	478,613	430,035	805,036
<b>Total</b>	<b>823,764</b>	<b>715,340</b>	<b>1,331,396</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### Note 1

#### Reporting entity

Namibia Breweries Limited is a company domiciled in the Republic of Namibia. The condensed consolidated financial statements of the Group as at and for the six month period ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements of the Group as at and for the year ended 30 June 2008 are available upon request from the Company's registered office.

### Note 2

#### Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2008.

### Note 3

#### Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are substantially the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2007. The only significant change to the Group's accounting policies is the treatment of joint ventures. Previously the Group proportionately consolidated the results and financial position its joint venture. Jointly controlled operations are now accounted for using the equity method of accounting. This change better reflects the substance of jointly controlled entities. The change has been applied retrospectively. The adoption of the new policy did not have any impact on the financial performance of the Group. The prior six month period ended Group balance sheet and related cash flows have been restated due to the fact that the jointly controlled operation's balance sheet is no longer proportionately consolidated. The effect of the restatement is reflected below:

	31 Dec 08 NS'000 Unaudited	31 Dec 07 NS'000 Unaudited Restated	30 June 08 NS'000 Audited
<b>Income statement</b>			
Net profit	-	-	-
<b>Balance sheet</b>			
Property, plant and equipment - Decrease	-	12,328	-
Intangible assets - Decrease	-	1,260	-
Current assets - Increase	-	(6,711)	-
Current liabilities - Decrease	-	(6,877)	-
<b>Note 4</b>			
<b>Movement of property, plant and equipment</b>			
Net book value at beginning of period / year	348,954	324,338	324,338
Capital expenditure	86,708	25,012	67,398
Disposals	(1,764)	(206)	(6,598)
Depreciation	(16,927)	(17,513)	(36,184)
Net book value at end of period / year	416,971	331,631	348,954
<b>Note 5</b>			
<b>Movement of intangible assets</b>			
Net book value at beginning of period / year	3,870	14,764	14,764
Amortisation	(1,935)	(2,663)	(10,894)
Net book value at end of period / year	1,935	12,101	3,870

	6 months ended 31 Dec 08 NS'000 Unaudited	6 months ended 31 Dec 07 NS'000 Unaudited Restated	12 months ended 30 Jun 08 NS'000 Audited
<b>Note 6</b>			
<b>Taxation</b>			
<b>Namibian</b>			
Normal Taxation: Current Year	(33,895)	(11,954)	(33,465)
Deferred Taxation: Current Year	5,427	(6,006)	(1,365)
Deferred Taxation: Prior Year	-	-	(4,536)
<b>South Africa</b>			
Deferred Taxation: Current Year	(5,177)	(4,098)	(3,081)
<b>Total</b>	<b>(33,645)</b>	<b>(22,058)</b>	<b>(42,447)</b>
<b>Note 7</b>			
<b>Reconciliation between earnings and headline earnings</b>			
Earnings (used for basic EPS)	84,616	78,206	141,399
Net profit on sale of property, plant and equipment (after tax)	-	-	(256)
	84,616	78,206	141,143
Headline earnings per ordinary share (cents)	41.0	37.9	68.3

### Note 8

#### Related parties

During the six month period ended 31 December 2008, the group sold products and services to companies within the Ohlthaver & List Group to the value of N\$4,664,000 (2007: N\$4,463,000). Outstanding debtor balances at the reporting date, amounted to N\$5,514,000 (2007: N\$3,252,000). Intercompany interest paid amounted to N\$742,000 (2007: N\$1,616,000). The outstanding loan balance at 31 December 2008 amounted to N\$8,000,000 (2007: N\$24,000,000). The Group sold goods to its joint venture, DHN Drinks (Pty) Ltd to the value of N\$314,403,000 (2007 : N\$ Nil) and earned royalty income from DHN Drinks (Pty) Ltd to the value of N\$15,227,000 (2007 : N\$ Nil). Outstanding DHN Drinks (Pty) Ltd receivables balance at reporting date amounted to N\$217,246,000 (2007 : N\$ Nil). Management fees paid to Diageo plc, Heineken International B.V. and Ohlthaver & List Finance and Trading Corporation Limited for the six month period ended 31 December 2008 amounted to N\$3,000,000 (2007: N\$2,850,000).

### Note 9

#### Capital commitments

Authorised capital expenditure at 31 December 2008 amounted to N\$26,204,000 (2007: N\$52,574,000) of which N\$12,209,000 (2007: N\$3,305,000) is contractually committed. These capital commitments will be financed.

## GROUP OPERATIONAL AND FINANCIAL REVIEW

The Board is pleased to report on the Group's Financial Results for the six month period ended 31 December 2008.

### Financial Performance

The Group's Operating Profit (after equity losses) for the six month period ended 31 December 2008 showed a 21.6% increase over the previous period. The increase was driven by continued overall sales volume growth, and cost controls.

### Namibia Market

The home market of the Group remains a significant contributor to total volumes and profits and thus continued focus on this market is essential. Driven by the strong performance of Windhoek Lager, the Group has delivered an increase in volumes and profits. The Group's soft drink business has experienced volume challenges and this segment still remains under significant competitive pressure. The Windhoek Lager brand continues to deliver outstanding performance. Overall domestic beer volumes grew by 7% year on year.

### South Africa

Volumes produced and supplied to South Africa from NBL posted double digit growth. This included NBL's own brand, Windhoek Lager. Whilst volumes of Windhoek Lager were sluggish in the first few months, this significantly improved towards the end of the period. The Group launched the Keep It Real brand proposition for our Windhoek brand in November 2008, which is aimed at ensuring a continuation of the growth trend established in prior reporting periods. South Africa represents a great opportunity for the Group's brands and the Board believes that with this continued investment behind the brands, the Group is poised to take advantage in the premium segment and will continue to grow in this market. In May 2008 the South African joint venture with the Group's strategic partners Diageo plc and Heineken BV was deepened from a cost sharing to a profit sharing joint venture.

### Exports (Excluding South Africa)

Overall export markets recorded significant growth in the period. This was despite volume challenges in Botswana, following the implementation in November 2008 of a 30% duty tax on alcoholic beverages. This has had a negative impact on the beer market in Botswana. Delivering profitable growth in the export markets continues to be critical to the continued success of the Group. Testament to this, the Group has actively pursued new markets and recently entered a new exciting phase with the signing of a brewing and distribution license for our Windhoek brand with Diageo plc for certain export and overseas markets. Namibia Breweries remains the brand owner and will derive royalty income in the future from this license.

### Profit Attributable to Shareholders

Profit Attributable to Shareholders increased by 8.2% over the corresponding period, based on an effective tax rate of 28%.

### Significant Balance Sheet Changes

Current Assets increased during the period due to higher trade receivables resulting from the increase in volumes. This has had a knock on impact resulting in an increase in trade creditors. Additionally, there has been an increase in the provision for current taxation. Interest-bearing loans and borrowings continue to decrease as the debt is repaid. There has been a significant change in investments, non-interest bearing liabilities and deferred income all as a result of the Group's acquisition and participation in the new joint venture in South Africa. The Group has recorded the investment and its residual obligation at fair value.

### Prospects

During the period under review, the Group delivered a strong performance which was driven primarily by strong topline growth. The Group's future will be dependent on continuing this growth trend and in ensuring that the ruthless focus on driving efficiencies remains. Key challenges still face the Group, particularly concerning rising input costs. Pressure on margins going into the new period remains a key focus point. The Group continues to develop closer working relationships with key suppliers and to focus on cost control and improving efficiencies. The Board would like to thank all stakeholders for their continued support which has ensured that NBL can continue to grow.

### Dividend Declaration

The Board of Directors have declared a final dividend of 22 cents per ordinary share. Payment will be effected to the shareholders of ordinary shares in the books of the company registered at the close of business on 9 April 2009 and will be paid on 15 May 2009.

### Directors

S Thiemé (Chairman), D van Jaarsveld+ (Managing Director), B Kidner+ \*\*, BHW Masche, C-L List, E Ender\*, H-B Gerdes, TA de Man\*\*\*\*, TzM Hijarunguru, P Grüttemeyer, PS Litherland\*\*, NB Blazquez\*\*, Z Mina\*\*\*, J Campbell\*\* (alternative)  
\*German \*\*British \*\*\*Cypriot \*\*\*\*Dutch +Executive

### Secretaries

Ohlthaver & List Centre (Pty) Limited  
P O Box 16  
Windhoek

### Auditors

KPMG Chartered Accountants (Namibia)  
P O Box 30  
Windhoek

### Attorneys

Engling Stritter & Partners  
P O Box 43  
Windhoek

### Windhoek, 20 March 2009

**Sponsor to Namibia Breweries Limited**  
Investment House Namibia (Pty) Limited  
Member of the Namibian Stock Exchange



Namibia Breweries Limited  
Registration number 219520 · Incorporated in the Republic of Namibia