Condensed Consolidated Interim Financial Statements

Interim consolidated statement of comprehensive income for the six months ended 31 December

Continuing operations	Notes	2009 Unaudited N$'000	2008 Unaudited N$'000
Sales of goods (net of discounts allowed)		917,598	802,611
Royalty income		24,504	15,227
Operating leases		5,412	4,992
Rent received		936	934
Revenue		948,450	823,764
Raw materials and consumables		(530,070)	(451,531)
Employment costs		(85,974)	(75,040)
Administration and marketing expenses		(56,840)	(62,637)
Railage and transport		(74,706)	(66,539)
Repairs and maintenance		(13,229)	(11,032)
Depreciation and amortisation		(20,930)	(18,862)
Operating profit		166,701	138,123
Finance income		3,854	3,719
Finance costs		(4,466)	(1,315)
Equity loss from Joint Venture		(40,133)	(22,266)
Profit before tax		125,956	118,261
Income tax expense	4	(41,500)	(33,645)
Profit for the period		84,456	84,616
Other comprehensive income for the period		0	0
Total comprehensive income for the period attributable to equity holders of the parent		84,456	84,616
Ordinary shares in issues (thousands)		206,529	206,529
Basic earnings per share (cents)		40.9	41.0
Dividend per ordinary share (cents)		21.6	17.6

Interim consolidated statement of financial position at

	Notes	31 Dec 2009 Unaudited N$'000	30 Jun 2009 Audited N$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	469,330	421,769
Intangible assets		429	622
Investment in a joint venture	6	543,956	469,411
Loans		12,899	12,899
Available-for-sale investments		14	14
		1,026,628	904,715
Current assets			
Investment in a joint venture	6	20,150	20,150
Inventories		154,672	185,814
Trade and other receivables		343,148	325,717
Cash and cash equivalents		101,096	66,714
		619,066	598,395
Total assets		1,645,694	1,503,110
EQUITY AND LIABILITIES			
Equity			
Share capital		1,024	1,024
Retained earnings		658,527	618,583
Ordinary shareholders' equity		659,551	619,607
Non-current liabilities			
Interest-bearing loans and borrowings	7	155,319	4,469
Non-interest bearing loans and obligations		188,258	188,258
Deferred income		239,600	245,012
Post employment medical aid and severance pay benefit plan		13,193	13,193
Deferred taxation liability		123,920	111,935
		720,290	562,867
Current liabilities			
Interest-bearing loans and borrowings	7	3,545	3,033
Non-interest bearing loans and obligations		0	14,929
Deferred income		10,825	10,825
Trade and other payables		240,725	262,475
Derivative financial instruments		0	26,510
Income tax payable		10,758	2,864
		265,853	320,636
Total equity and liabilities		1,645,694	1,503,110

Interim consolidated statement of changes in equity

Attributable to equity holders of parent	Issued capital N$'000	Retained earnings N$'000	Total N$'000
Balance at 1 July 2008	1,024	530,291	531,315
Profit for the period	0	84,616	84,616
Dividends paid to equity holders	0	(36,419)	(36,419)
Balance at 31 December 2008 (unaudited)	1,024	578,488	579,512
Balance at 1 July 2009	1,024	618,583	619,607
Profit for the period	0	84,456	84,456
Dividends paid to equity holders	0	(44,512)	(44,512)
Balance at 31 December 2009 (unaudited)	1,024	658,527	659,551

Interim consolidated cash flow statement for the six months ended 31 December

	2009 Unaudited N$'000	2008 Unaudited N$'000
Cash flows from operating activities		
Receipts from customers	888,094	698,505
Payments to suppliers and employees	(755,354)	(587,784)
Income tax paid	(21,623)	(12,013)
Dividends paid to equity holders	(44,512)	(36,419)
Net cash flows from operating activities	66,605	62,289
Cash flows from investing activities		
Proceeds from sale of plant and equipment	117	1,822
Interest received	1,175	3,719
Purchase of plant and equipment	(68,412)	(86,708)
Loan to joint venture	(112,000)	(40,000)
Net cash flows used in investing activities	(179,120)	(121,167)
Cash flows from financing activities		
Proceeds from borrowings	153,144	2,687
Repayment of borrowings	(1,781)	(9,708)
Interest paid	(4,466)	(1,315)
Net cash flows from / (used in) financing activities	146,897	(8,336)
Net increase / (decrease) in cash and cash equivalents	34,382	(67,214)
Cash and cash equivalents at 1 July	66,714	153,004
Cash and cash equivalents at end of period	101,096	85,790

Interim consolidated segment information for the six months ended 31 December

	2009 Unaudited N$'000	2008 Unaudited N$'000
Revenue		
- Beer	841,361	718,598
- Softs	57,537	84,740
- Other	49,552	20,426
Total revenue (third party)	948,450	823,764
Segment results		
- Beer	161,313	132,109
- Softs	1,261	3,892
- Other	4,127	2,122
Segment profit before tax	166,701	138,123
Adjustments and unallocated	(40,745)	(19,862)
Profit before tax	125,956	118,261
	31 Dec 2009 Unaudited N$'000	**30 Jun 2009 Audited N$'000**
Segment assets		
- Beer	981,874	829,612
- Softs	80,867	89,576
- Other	9,228	9,285
Unallocated assets	573,725	574,637
	1,645,694	1,503,110

Notes to the interim condensed consolidated 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 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The audited consolidated financial statements of the Group as at and for the year ended 30 June 2009 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 2009.

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 2009. All new, revised and amended accounting standards and pronouncements, effective for the year have been adopted by the group. The most significant of these were IAS 1 Financial Statement Presentation and IFRS 8 Operating Segments. Both IAS 1 and IFRS 8 focus on presentation and disclosure and had no impact on the recognition or measurement of amounts presented. The accounting policies adopted and the estimates and judgments made in applying the accounting policies are consistent with those applied and disclosed in the annual financial statements for the year ended 30 June 2009, with the exception of the change in required disclosures as noted above. Certain balances reported previously were restated in the current period to allow for improved classification. These reclassifications did not impact equity, total assets or profit for the period.

	For the six months ended 31 Dec 2009 Unaudited N$'000	For the six months ended 31 Dec 2008 Unaudited N$'000	For the year ended 30 Jun 2009 Audited N$'000
Note 4 - Taxation			
Namibia - Deferred Taxation	(11,984)	5,427	(17,806)
Namibia - Normal Taxation	(22,524)	(33,895)	(43,687)
South Africa - Deferred Taxation	0	(5,177)	(7,331)
South Africa - Normal Taxation	(6,992)	0	(2,094)
	(41,500)	(33,645)	(70,918)
Note 5 - Property, plant and equipment			
Net book value at beginning of the period	421,769	348,954	348,954
Capital expenditure	68,412	86,708	110,756
Disposals	(119)	(1,764)	(1,808)
Depreciation	(20,732)	(16,927)	(36,133)
Net book value at end of the period	469,330	416,971	421,769
Note 6 - Investment in a joint venture			
Non current			
Shares at cost	496,974	469,849	496,974
Accumulated equity accounted losses	(82,029)	(28,532)	(41,896)
Loan balance owing by joint venture	129,011	40,000	14,333
	543,956	481,317	469,411
Current			
Loan balance owing by joint venture	20,150	0	20,150
Note 7 - Interest bearing loans and borrowings			
Non-current liabilities (secured)			
Term facility from bank (secured by cession of debtors)	150,000	0	0
Finance lease liabilities	5,319	4,972	4,469
	155,319	4,972	4,469
Current liabilities (secured)			
Finance lease liabilities	3,545	3,362	3,033
Loan from related party	0	8,000	0
	3,545	11,362	3,033
Note 8 Reconciliation between earnings and headline earnings			
Earnings (used for basic EPS)	84,456	84,616	
Net profit on sale of plant and equipment (after tax)	0	0	
	84,456	84,616	
Headline earnings per ordinary share (cents)	40.9	41.0	

Note 9 - Capital commitments

Authorised capital expenditure at 31 December 2009 amounted to N$ 33,732,000 (2008: N$26,204,000) of which N$ 5,171,000 (2008: N$12,209,000) is contractually committed. These capital commitments will be financed from own funds.

Note 10 - Related parties

During the six month period ended 31 December 2009, the group sold products and services to companies within the Ohlthaver & List Group to the value of N$1,917,000 (2008: N$4,664,000). Outstanding debtor balances at the reporting date, amounted to N$685,000 (2008: N$5,514,000). Intercompany interest paid amounted to N$ Nil (2008: N$742,000). The outstanding loan balance at 31 December 2009 amounted to N$ Nil (2008: N$8,000,000). The Group sold goods to its joint venture and its largest single customer, DHN Drinks (Pty) Ltd to the value of N$398,213,000 (2008 : N$ 314,403,000) and earned royalty income from DHN Drinks (Pty) Ltd to the value of N$20,563,000 (2008 : N$15,227,000). Outstanding DHN Drinks (Pty) Ltd receivables balance at reporting date amounted to N$158,164,000 (2008 : N$ 217,246,000). Management fees accrued to Diageo plc, Heineken International B.V. and Ohlthaver & List Finance and Trading Corporation Limited for the six month period ended 31 December 2009 amounted to N$5,573,000 (2008: N$3,000,000).

Note 11 - Significant balance sheet changes

Our joint venture in South Africa continues to perform in line with expectations, the Group has advanced loans to DHN Drink (Pty) Ltd during the period in line with the initial operating plans. The Group has also continued to invest in plant and equipment in line with its expansion and replacement plans. The increased investment in assets has been funded by a term facility which has been secured by the cession of our debtors.

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 2009.

Financial performance

The Group's Operating Profit (before equity losses) for the six month period ended 31 December 2009 showed a 21% increase over the previous period. The increase was driven by continued overall sales volume growth. Profit after tax is substantially the same as the prior comparative period due to the increase in equity accounted losses from DHN Drinks (Pty) Ltd.

Namibia market

The home market of the Group remains a significant contributor to total volumes and profits, thus continued focus on this market is essential. Driven by the strong performance of Windhoek Lager, the Group has delivered an increase in revenues and profits. The Windhoek Lager brand continues to deliver strong performance. Overall domestic beer volumes grew by 10% year on year. In the period the Group exited the Pepsico licence and distribution agreement on 31 December 2009, but will continue to co-pack for the new agent in the short term.

The Group also invested in its returnable bottle market with the introduction of a fantastic new bottle shape for our quart bottles. The new look bottle has been very well received by our consumers, who have described the bottle as having a more premium feel. The chance to introduce brands to our home market from our international partners is an exciting opportunity for the Group. On 1 July 2009, in terms of the licence and distribution agreement with our partner Diageo plc, the Group expanded its portfolio offering to its customers with a range of Ready To Drink (RTD) beverages including Smirnoff Spin, Smirnoff Storm and Archers Aqua alongside with Foundry Cider, Kilkenny and Guinness Draught.

South Africa

Volumes produced and supplied to South Africa also increased, registering double digit growth for the six months to December 2009, with NBL's brands doing well. During the period Windhoek Draught was launched in a bottle as a new variant, initial sales volumes indicate a strong uptake by the market. The Group's Windhoek Lager brand also continued to grow along side Windhoek Light. Our South African Joint Venture, DHN Drinks (Pty) Ltd, continues to grow in a declining beer market, successfully growing market share in the premium category. During the period DHN Drinks (Pty) Ltd launched Strongbow, amongst other new mixes. The operating losses are in accordance with original plans, where losses were budgeted for as part of the initial establishment phase.

Exports (Excluding South Africa)

Volumes of the Group's brands grew in most of the remaining export markets. Windhoek Lager has achieved double digit growth in these export markets particularly the SADC countries. Notably our Botswana market continues to grow in spite of the levy imposed by the Botswana government. The six months ended December 2009, also sees the first period that the Group's brands have been marketed by Diageo. NBL continues to retain brand ownership and receive royalty income on global sales. In December 2009 Windhoek Lager was exported to Cameroon in time for the successful launch in that market. Over the next few months Diageo, in partnership with the Group, will continue to launch the Group's Brands in new and exciting markets, adding to the strength of our brands and financial performance.

Effective tax rate

The Group has estimated its taxation for the six month period ended December, based on an effective tax rate of 33% (2008 : 30%).

Prospects

During the period under review, the Group delivered a strong performance which was driven primarily by strong top line growth. The Group's future will be dependent on continuing this growth trend and in ensuring that the ruthless focus on driving operating efficiencies continues. Key challenges still face the Group, particularly concerning rising input costs, especially electricity. High focus on maintaining margins going into the new period remains key. To this end, the Group continues to develop closer working relationships with key partners 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 the Group can continue to grow.

Dividend declaration

The Board of Directors have declared an interim dividend of 23 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 2010 and will be paid on 14 May 2010.

Note: The payment date for the interim dividend is 14 May 2010

Directors
S Thieme (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, J Fitzgerald*****+ , NB Blazquez**, Z Mina***, G Mahinda******, J Campbell** (alternative) *German **British ***Cypriot ****Dutch *****South African ******Kenya +Executive

Secretaries
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PO Box 30
Windhoek

Attorneys
Engling Stritter & Partners
P O Box 43
Windhoek

Windhoek, 24 March 2010

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

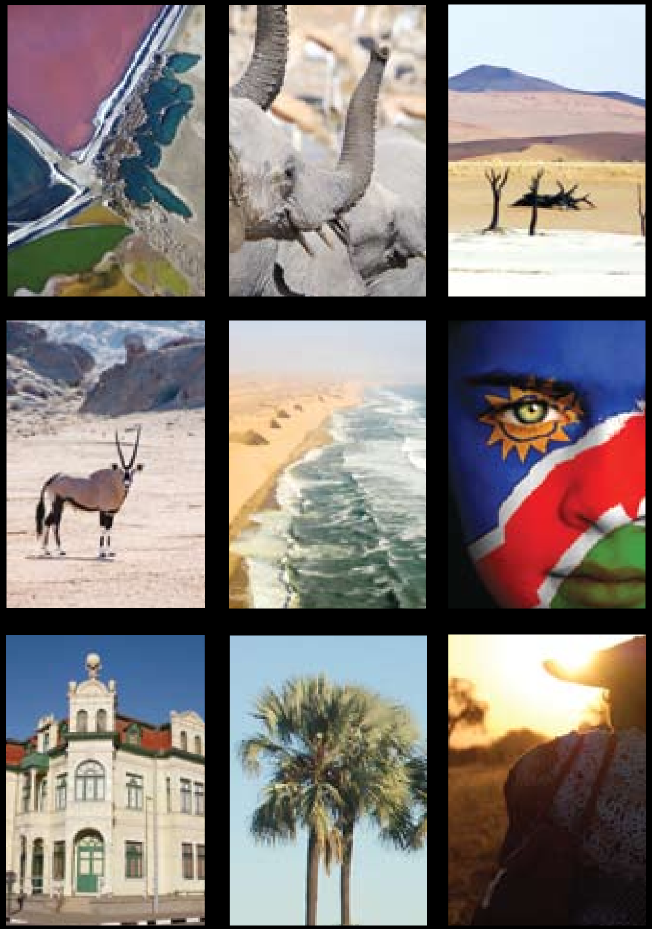
Namibia Breweries Limited
Registration number 2/1920 Incorporated in the Republic of Namibia

HIGHLIGHTS

Turnover +15%
Operating profit +21%
Interim dividend per ordinary share 23 cents

In 1920 a course of events was set in motion leading to the establishment of a world-class brewery and a thriving partnership with Namibia and it's people. Celebrating a journey travelled together, as a nation!

20 Years of Namibian Independence
90 Years of Exceptional Quality Brewing



Condensed Consolidated Interim Financial Statements

The condensed consolidated results of the Group for the year ended 31 December 2009

Namibia Breweries Limited