

Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statement of comprehensive income for the	6 months ended 31 Dec 2010	6 months ended 31 Dec 2009	12 months ended 30 Jun 2010
	Unaudited	Unaudited	Audited
<i>In thousands of Namibia Dollars</i>		Restated	
Continuing operations			
Sales of goods (net of discounts allowed)	921 026	917 598	1 686 569
Royalty income	26 123	24 504	43 413
Operating leases	5 412	5 412	10 825
Rent received	143	936	1 076
Revenue	952 704	948 450	1 741 883
Raw materials and consumables	(480 431)	(531 335)	(916 879)
Employment costs	(107 702)	(85 974)	(175 023)
Administration and marketing expenses	(41 128)	(37 581)	(118 291)
Railage and transport	(61 926)	(74 706)	(125 835)
Repairs and maintenance	(27 713)	(13 229)	(30 539)
Depreciation, amortisation and impairments	(34 617)	(38 924)	(61 525)
Operating profit	199 187	166 701	313 791
Finance income	7 984	3 854	18 340
Finance costs	(7 104)	(4 466)	(12 075)
Equity loss from joint venture	(36 782)	(40 133)	(78 372)
Profit before tax	163 285	125 956	241 684
Income tax expense	(46 394)	(41 500)	(71 061)
Profit for the period / year	116 891	84 456	170 623
Other comprehensive income for the period / year	0	0	0
Total comprehensive income for the period / year attributable to equity holders of the parent	116 891	84 456	170 623
Ordinary shares in issues (thousands)	206,529	206,529	206,529
Basic earnings per share (cents)	56.6	40.9	82.6
Dividend per ordinary share (cents)	22.5	21.6	44.1

Interim condensed consolidated statement of financial position at	31 Dec 2010	31 Dec 2009	30 Jun 2010
	Unaudited	Unaudited	Audited
<i>In thousands of Namibia Dollars</i>		Restated	
ASSETS			
Non-current assets			
Property, plant and equipment	6 523 174	481 481	474 126
Intangible assets	5 284	429	2 717
Investment in a joint venture	7 588 730	543 956	553 406
Loans	12 899	12 899	12 899
Available-for-sale investments	14	14	14
	1 130 101	1 038 779	1 043 162
Current assets			
Loan to joint venture	0	20 150	0
Inventories	144 832	154 672	124 533
Trade and other receivables	344 073	343 148	264 975
Cash and cash equivalents	157 515	101 096	177 023
	646 420	619 066	566 531
Total assets	1 776 521	1 657 845	1 609 693
EQUITY AND LIABILITIES			
Equity			
Share capital	1 024	1 024	1 024
Retained earnings	768 515	658 527	698 160
Attributable to equity holders of parent	769 539	659 551	699 184
Non-current liabilities			
Interest-bearing loans and borrowings	8 185 103	155 319	5 444
Derivative financial instruments	188 259	188 259	188 258
Deferred income	211 154	239 600	216 567
Post employment medical aid and severance pay benefit plan	14 321	13 193	14 321
Deferred taxation liability	122 504	123 919	105 107
	721 341	720 290	529 697
Current liabilities			
Interest-bearing loans and borrowings	8 3 765	3 545	153 631
Deferred income	10 825	10 825	10 825
Trade and other payables	257 047	252 876	203 433
Derivative financial instruments	9 658	0	5 874
Income tax payable	4 346	10 758	7 049
	286 641	278 004	380 812
Total equity and liabilities	1 776 521	1 657 845	1 609 693

Interim condensed consolidated statement of changes in equity	Issued capital	Retained earnings	Total
<i>In thousands of Namibia Dollars</i>			
Attributable to equity holders of parent			
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
Balance at 1 July 2009	1 024	618 583	619 607
Profit for the year	0	170 623	170 623
Dividends paid to equity holders	0	(91 046)	(91 046)
Balance at 30 June 2010 (audited)	1 024	698 160	699 184
Balance at 1 July 2010	1 024	698 160	699 184
Profit for the period	0	116 891	116 891
Dividends paid to equity holders	0	(46 536)	(46 536)
Balance at 30 December 2010 (unaudited)	1 024	768 515	769 539

Interim condensed consolidated statement of cash flows for the	6 months ended 31 Dec 2010	6 months ended 31 Dec 2009	12 months ended 30 Jun 2010
	Unaudited	Unaudited	Audited
<i>In thousands of Namibia Dollars</i>		Restated	
Cash flows from operating activities			
Receipts from customers	927 102	908 303	1 791 800
Payments to suppliers and employees	(740 300)	(755 354)	(1 408 693)
Dividends paid to equity holders	(46 536)	(44 512)	(91 046)
Income tax paid	(31 700)	(21 623)	(73 704)
Net cash flows from operating activities	108 566	86 814	218 357
Cash flows from investing activities			
Proceeds from sale of plant and equipment	537	117	904
Interest received	4 852	1 175	7 873
Purchase of plant and equipment	(84 171)	(88 621)	(104 236)
Aquisition of intangible asset	(3 006)	0	(2 716)
Purchase of shares in joint venture	0	0	(95 121)
Loan to joint venture	(68 975)	(112 000)	(54 250)
Net cash flows used in investing activities	(150 763)	(199 329)	(247 546)
Cash flows from financing activities			
Proceeds from borrowings	30 000	153 144	151 573
Repayment of borrowings	(207)	(1 781)	0
Interest paid	(7 104)	(4 466)	(12 075)
Net cash flows from financing activities	22 689	146 897	139 498
Net change in cash and cash equivalents	(19 508)	34 382	110 309
Cash and cash equivalents at beginning of period / year	177 023	66 714	66 714
Cash and cash equivalents at end of period / year	157 515	101 096	177 023

Interim condensed consolidated segment information for the	6 months ended 31 Dec 2010	6 months ended 31 Dec 2009	12 months ended 30 Jun 2010
	Unaudited	Unaudited	Audited
<i>In thousands of Namibia Dollars</i>		Restated	
Revenue			
- Beer	881 308	871 277	1 631 436
- Softs	40 452	57 538	84 117
- Other	30 944	19 635	26 330
Total revenue (third party)	952 704	948 450	1 741 883
Segment results			
- Beer	186 629	161 313	304 403
- Softs	2 156	1 261	1 690
- Other	10 402	4 127	7 698
Segment profit before tax	199 187	166 701	313 791
Adjustments and unallocated	(35 902)	(40 745)	(72 107)
Profit before tax	163 285	125 956	241 684
	at 31 Dec 2010	at 30 Jun 2010	at 30 Jun 2009
	Unaudited	Unaudited	Audited
		Restated	
Segment assets			
- Beer	1 094 466	994 025	868 713
- Softs	42 781	80 867	32 875
- Other	11 487	9 228	9 107
Unallocated assets	627 787	573 725	698 998
Total	1 776 521	1 657 845	1 609 693

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 period ended 31 December 2010 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 2010 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 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 2010.

Note 3 – Significant accounting policies

The accounting policies applied by the Group in these interim 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 2010.

Note 4 – Change in accounting policy

During the year ended 30 June 2010, the Group changed its accounting policy for returnable containers. Previously, returnable containers were accounted for as part of the sales transaction at deposit value and the cost of replacement was written off as incurred. Returnable containers are classified as property, plant and equipment are now accounted for at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost of the containers less their residual values over their useful lives, using the straight-line method. Returnable container deposits received from customers are recognised as a financial liability as a part of trade and other payables.

Management takes the view that this accounting policy provides more reliable and more relevant information as it more accurately reflects the expected use of the containers. This change in accounting policy has been applied retrospectively. This had no impact on earnings per share. The effect of this change on the Group is summarised below:

<i>In thousands of Namibia Dollars</i>	31 Dec 2010	31 Dec 2009	30 Jun 2010
	Unaudited	Unaudited	Audited
Statement of financial position as at			
Increase in property, plant and equipment	22 136	12 151	11 438
Increase in trade and other payables	22 136	12 151	11 438
Statement of comprehensive income for the period / year ended			
Increase / (decrease) in net income:			
Change in container write offs	11 374	20 209	22 754
Change in depreciation and impairments	(11 374)	(17 994)	(19 168)
Change in gain/loss on disposals	0	(2 215)	(3 586)
Statement of cash flows for the period / year ended			
Increase in cash generated from operations	27 620	20 209	20 670
Increase in cash absorbed from investing activities	27 620	20 209	20 670

Note 5 - Taxation

Namibia - Deferred taxation	(17 397)	(11 984)	6 828
Namibia - Normal taxation	(20 630)	(22 524)	(64 468)
South Africa - Normal taxation	(8 367)	(6 992)	(13 421)
	(46 394)	(41 500)	(71 061)

Note 6 - Property, plant and equipment

Net book value at beginning of the period	474 126	431 705	431 705
Capital expenditure	84 171	88 621	104 236
Disposals	(945)	(119)	(912)
Depreciation and impairments	(34 178)	(38 726)	(60 903)
Net book value at end of the period	523 174	481 481	474 126

Note 7 - Investment in a joint venture

Non current			
Shares at cost	574 474	496 974	574 474
Accumulated equity accounted losses	(157 050)	(82 029)	(120 268)
Loan balance owing by joint venture	171 306	129 011	99 200
	588 730	543 956	553 406

Note 8 - Interest bearing loans and borrowings

Non-current liabilities (secured)			
Term facility from bank (secured by cession of debtors)	180 000	150 000	0
Finance lease liabilities	5 103	5 319	5 444
	185 103	155 319	5 444
Current liabilities (secured)			
Finance lease liabilities	3 765	3 545	3 631
Term facility from bank (secured by cession of debtors)	0	0	150 000
	3 765	3 545	153 631

<i>In thousands of Namibia Dollars</i>	31 Dec 2010	31 Dec 2009	30 Jun 2010
	Unaudited	Unaudited	Audited
Note 9 - Reconciliation between earnings and headline earnings			
Earnings (used for basic EPS)	116 891	84 456	170 623
Net profit on sale of plant and equipment (after tax)	269	1 463	6
	117 160	85 919	170 629
Headline earnings per ordinary share (cents)	56.7	41.6	82.6

Note 10 - Capital commitments

Authorised capital expenditure at 31 December 2010 amounted to N\$204,274,000 (2009 : N\$33,732,000) of which N\$166,687,000 (2009 : N\$5,171,000) is contractually committed. These capital commitments will be financed from own funds.

Note 11 - Related parties

During the six month period ended 31 December 2010, the Group sold products and services to companies within the Ohlthaver & List Group to the value of N\$1,330,000 (2009 : N\$1,917,000). The Group sold goods to its joint venture and its largest single customer, DHN Drinks (Pty) Ltd, to the value of N\$438,330,000 (2009 : N\$398,213,000) and earned royalty income from DHN Drinks (Pty) Ltd to the value of N\$24,608,000 (2009 : N\$20,563,000). The Group also sold goods to Heineken South Africa Exports Company (Pty) Ltd and Diageo South Africa (Pty) Ltd to the value of N\$46,748,000 (2009 : N\$38,949,000) and N\$72,095,000 (2009 : N\$53,852,000) respectively. Outstanding receivables balance at reporting date amounted to:

<i>In thousands of Namibia Dollars</i>	31 Dec 2010	31 Dec 2009
	Unaudited	Unaudited
Ohlthaver & List Group	616	685
DHN Drinks (Pty) Ltd receivables	161 626	158 164
Heineken South Africa Exports Company (Pty) Ltd	11 762	19 858
Diageo South Africa (Pty) Ltd	28 761	20 931

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 2010 amounted to N\$5,719,000 (2009: N\$5,573,000).

Note 12 - Significant changes in statement of financial position

Our joint venture in South Africa continues to perform in line with expectations. The Group has advanced loans to DHN Drinks (Pty) Ltd during the period in line with the initial original operating plans. The Group has also continued to invest in plant and equipment in line with its expansion and replacement plans. The term facility which is secured by the cession of debtors has been increased by N\$30,000,000.

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 2010.

Financial performance

The Group's turnover remained broadly flat compared to the previous period. Although volumes grew in Namibia, volumes produced and sold to DHN Drinks (Pty) Ltd was down compared to the previous period due to some production transferred to the Sediberg brewery. In addition the prior period included sales of PepsiCo brands. This commercial contract with PepsiCo was terminated in December 2009. Operating profit (before equity losses) for the six month period ended 31 December 2010 was however 19% up compared to the previous period. Our cost base benefited from lower malted barley prices and last year's cost base included the write down of the old 750 ml glass bottle population.



Namibia Breweries Limited

Interim Condensed Consolidated Financial Statements

The unaudited condensed consolidated results of the Group for the period ended 31 December 2010

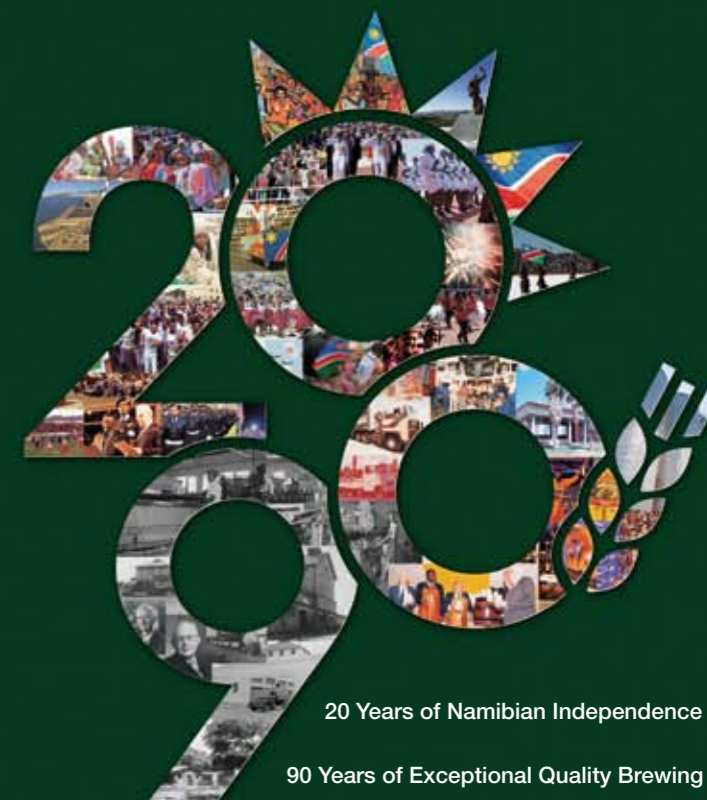
Note: The payment date for the interim dividend is 13 May 2011

HIGHLIGHTS

Operating profit +19%

Profit for the period +38%

Interim dividend per ordinary share 25 cents



20 Years of Namibian Independence

90 Years of Exceptional Quality Brewing



Namibia Breweries Limited
Registration number 211920 Incorporated in the Republic of Namibia

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 its people. Celebrating a journey travelled together, as a nation!

