

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim condensed consolidated statement of comprehensive income for the

	6 months ended 31 Dec 2011 Unaudited	6 months ended 31 Dec 2010 Unaudited Restated	12 months ended 30 Jun 2011 Audited
<i>In thousands of Namibia Dollars</i>			
Continuing operations			
Sales of goods (net of discounts allowed)	1 042 247	921 026	1 747 292
Royalty income	28 888	26 123	49 107
Rent received	153	143	672
Revenue	1 071 288	947 292	1 797 071
Raw materials and consumables	(480 055)	(432 883)	(781 660)
Employment costs	(118 546)	(107 702)	(212 158)
Administration and marketing expenses	(132 636)	(88 027)	(178 032)
Railage and transport	(82 503)	(62 575)	(135 126)
Repairs and maintenance	(20 970)	(27 713)	(49 101)
Depreciation, amortisation and impairments	(37 428)	(34 617)	(65 680)
Operating profit	199 150	193 775	375 314
Finance income	9 855	7 984	21 155
Finance costs	(10 285)	(7 104)	(14 281)
Equity loss from joint venture	(32 250)	(36 782)	(74 867)
Profit before tax	166 470	157 873	307 321
Income tax expense	5 (46 679)	(46 394)	(96 034)
Profit for the period/year	119 791	111 479	211 287
Other comprehensive income for the period/year	0	0	0
Total comprehensive income for the period/year attributable to equity holders of the parent	119 791	111 479	211 287
Ordinary shares in issue (thousands)	206 529	206 529	206 529
Basic earnings per share (cents)	9 58.0	53.0	102.3
Dividend per ordinary share (cents)	24.5	22.5	47.0

Interim condensed consolidated statement of financial position at

	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited
<i>In thousands of Namibia Dollars</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	6 757 710	523 174	668 574
Intangible assets	4 646	5 284	4 566
Investment in a joint venture	7 176 400	151 431	121 359
Loans	12 899	12 899	12 899
Available-for-sale investments	14	14	14
	951 669	692 802	807 412
Current assets			
Inventories	154 693	144 832	151 131
Trade and other receivables	516 039	344 073	356 528
Derivative financial instruments	692	0	0
Cash and cash equivalents	93 955	157 515	91 651
	765 379	646 420	599 310
Total assets	1 717 048	1 339 222	1 406 722

EQUITY AND LIABILITIES

Equity

	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited
Share capital	1 024	1 024	1 024
Retained earnings	859 889	741 453	790 680
Ordinary shareholders' equity	860 913	742 477	791 704

Non-current liabilities

	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited
Interest bearing loans and borrowings	8 265 437	185 103	185 268
Post employment medical aid and severance pay benefit plan	15 436	14 321	15 436
Deferred taxation liability	112 040	122 504	109 389
	392 913	321 928	310 093

Current liabilities

	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited
Interest bearing loans and borrowings	8 74 383	3 765	4 173
Trade and other payables	370 342	257 048	282 287
Derivative financial instruments	0	9 658	725
Income tax payable	18 497	4 346	17 740
	463 222	274 817	304 925
Total equity and liabilities	1 717 048	1 339 222	1 406 722

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 2010 (restated) (Note 4)	1 024	676 510	677 534
Profit for the period (restated) (Note 4)	0	111 479	111 479
Dividends paid to equity holders	0	(46 536)	(46 536)
Balance at 31 December 2010 (restated) (unaudited)	1 024	741 453	742 477
Balance at 1 July 2010 (restated) (Note 4)	1 024	676 510	677 534
Profit for the year	0	211 287	211 287
Dividends paid to equity holders	0	(97 117)	(97 117)
Balance at 30 June 2011 (audited)	1 024	790 680	791 704
Balance at 1 July 2011	1 024	790 680	791 704
Profit for the period	0	119 791	119 791
Dividends paid to equity holders	0	(50 582)	(50 582)
Balance at 31 December 2011 (unaudited)	1 024	859 889	860 913

Interim condensed consolidated statement of cash flows for the

	6 months ended 31 Dec 2011 Unaudited	6 months ended 31 Dec 2010 Unaudited Restated	12 months ended 30 Jun 2011 Audited
<i>In thousands of Namibia Dollars</i>			
Cash flows from operating activities			
Receipts from customers	912 002	927 102	1 797 224
Payments to suppliers and employees	(787 927)	(740 300)	(1 395 877)
Dividends paid to equity holders	(50 582)	(46 536)	(97 117)
Income tax paid	(43 271)	(31 700)	(81 061)
Net cash flows from operating activities	30 222	108 566	223 169
Cash flows from investing activities			
Proceeds from sale of plant and equipment	655	537	1 036
Finance income received	34 474	4 852	10 011
Purchase of plant and equipment	(90 348)	(84 171)	(263 602)
Acquisition of intangible asset	(883)	(3 006)	(3 096)
Purchase of shares in joint venture	0	0	(73 005)
Loan (advanced to) / repaid by joint venture	(111 910)	(68 975)	4 030
Net cash flows used in investing activities	(168 012)	(150 763)	(324 626)
Cash flows from financing activities			
Proceeds from borrowings	153 030	30 000	36 640
Repayment of borrowings	(2 651)	(207)	(6 274)
Finance costs paid	(10 285)	(7 104)	(14 281)
Net cash flows from financing activities	140 094	22 689	16 085
Net change in cash and cash equivalents	2 304	(19 508)	(85 372)
Cash and cash equivalents at 1 July	91 651	177 023	177 023
Cash and cash equivalents at end of the period	93 955	157 515	91 651

Interim condensed consolidated divisional information for the

	6 months ended 31 Dec 2011 Unaudited	6 months ended 31 Dec 2010 Unaudited Restated	12 months ended 30 Jun 2011 Audited
<i>In thousands of Namibia Dollars</i>			
Revenue - Beer	4 931 564	875 896	1 666 666
- Softs	39 321	40 452	69 637
- RTDs	97 320	23 764	53 168
- Other	3 083	7 180	7 600
Total revenue	1 071 288	947 292	1 797 071
Divisional results - Beer	4 181 638	181 217	359 884
- Softs	2 479	2 156	2 585
- RTDs	12 103	3 222	7 926
- Other	2 930	7 180	4 919
Divisional operating profit	199 150	193 775	375 314
Adjustments and unallocated	(32 680)	(35 902)	(67 993)
Profit before tax	166 470	157 873	307 321

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Reporting entity

Namibia Breweries Limited is a company domiciled in the Republic of Namibia. The interim condensed consolidated financial statements of the Group as at and for the period ended 31 December 2011 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 2011 are available upon request from the Company's registered office.

Note 2 - Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and disclosure requirements IAS 34, Interim Financial Reporting, the NSX Listing requirements and the requirements of the Companies Act. 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 2011.

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 2011.

Note 4 - Change in accounting policy and restatement relating to investment in joint venture

During the year ended 30 June 2011, the Directors re-evaluated the Group's accounting treatment of the DHN Drinks (Pty) Ltd transaction. This evaluation included the Group's policy with regards to the valuation of gains and losses of non-monetary contributions to the joint venture, the accounting policy of the repurchase obligation embedded in the DHN Drinks (Pty) Ltd ("DHN") joint venture agreement as well as the appropriateness of the accounting for deferred operating lease income arising.

Cost of investment in joint venture and derivative instrument

As a result of this evaluation, the Group will value the non-monetary contributions to the joint venture (i.e. DHN) at the cost recorded rather than fair value. As all non-monetary contributions made to the joint venture consist of internally generated intangible assets, this change will result in the Group recognising only the cash considerations given and equity injections made.

The Directors believe that the change allows for a more accurate reflection of the substance of the transaction, and that the new policy and disclosures provide a more relevant and fair presentation of the financial transactions and positions relating to the joint venture. In addition, the related repurchase obligation (relating to the potential obligation arising from a change in product mix or the agreement terminating, necessitating a repurchase of the distribution rights by the Group), has been de-recognised. The Directors are of the opinion that in substance this obligation is a derivative over a non-financial asset and, as such it would be more appropriate to assess any potential liability in terms of IAS37: Provisions, Contingent Liabilities and Contingent Assets. As the obligation only arises upon termination of the agreement, the Directors have assessed the probability of the contract being terminated in the foreseeable future and consider this as being unlikely.

These changes in accounting policy have been applied retrospectively. The effect of the changes on the Statement of Financial Position and the Statement of Comprehensive Income of the Group for each of the financial periods presented and as at the beginning of the earliest comparative period are shown below. There has been no impact to the amounts reported on the face of the Statement of Cash Flows in any of the periods presented.

Statement of Financial Position as at	31 December 2010
<i>In thousands of Namibia Dollars</i>	Audited
Decrease in investment in a joint venture	437 299
Decrease in elective derivative liability	188 258

Deferred operating lease income

As noted above the Directors have also re-evaluated the nature and substance of the recorded deferred operating lease income liability arising from the DHN transaction, as well as the related income streams arising from amortising this balance to income over time.

As a result of this evaluation, the Directors have concluded that the substance of the transaction is such, that as the contribution of the distribution rights forms part of the initial investment in the joint venture (being the contribution of a non-monetary asset) it would not be appropriate to raise a deferred lease liability and as such the Group has de-recognised the deferred operating lease liability and has reversed the related lease income previously recognised. This restatement has been accounted for retrospectively and the relevant effect of this change is shown below:

Statement of Comprehensive Income for the	6 months ended 31 December 2010
<i>In thousands of Namibia Dollars</i>	Audited
Decrease in net income:	
Decrease in deferred operating lease income	5 412
Effect on earnings ratio:	
Decrease in earnings & headline earnings per share (cents)	2.6

Statement of Financial Position as at	31 December 2010
<i>In thousands of Namibia Dollars</i>	Audited
Decrease in retained earnings	27 062

Notes to the condensed interim consolidated financial statements (continued)	6 months ended 31 Dec 2011 Unaudited	6 months ended 31 Dec 2010 Unaudited Restated	12 months ended 30 Jun 2011 Audited
<i>In thousands of Namibia Dollars</i>			
Note 5 - Taxation			
Namibia - Deferred taxation	(2 650)	(17 397)	(4 282)
Namibia - Normal taxation	(33 968)	(20 630)	(76 591)
South Africa - Normal taxation	(10 061)	(8 367)	(15 161)
	(46 679)	(46 394)	(96 034)
	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited

In thousands of Namibia Dollars

Note 6 - Property, plant and equipment

	31 Dec 2011 Unaudited	31 Dec 2010 Unaudited Restated	30 Jun 2011 Audited
Net book value at beginning of the year	668 574	474 126	474 126
Capital expenditure	126 733	84 171	263 602
Disposals	(973)	(945)	(4 720)
Depreciation and impairments			

Note 12 - Significant changes in Statement of Financial Position

The Group has advanced loans to DHN Drinks (Pty) Ltd during the period in line with their ongoing operating plans. The Group has also continued to invest in plant and equipment in line with its expansion and replacement plans. The term facility with Rand Merchant Bank (a division of FirstRand Bank Ltd) which is secured by the cession of debtors has temporarily been increased by N\$70 000 000. The new term facility with ABSA Bank Ltd is secured by a Notarial General Covering Bond for a Capital Amount of N\$80 000 000 over moveable property.

GROUP OPERATIONAL AND FINANCIAL REVIEW

The Board is pleased to report on the Group's financial results for the period ended 31 December 2011.

Financial performance

The Group's revenue increased by 13% compared to the previous period. Sales volumes of both Beer and RTDs have continued to grow in Namibia. Volumes produced and sold to DHN Drinks (Pty) Ltd were ahead compared to the prior period. Operating profit for the year grew by 3% compared to the previous period. This growth was influenced by significant brand investments made, which is reflected in the increase in administration and marketing expenses. We invested across the portfolio, but particularly on the Tafel Lager brand and the Windhoek Trademark. The new contemporary packaging for the Windhoek Trademark, the research costs of which were incurred during the period, was launched in March 2012. This has impacted overall margins which are 19%, down 1% from the last period.

Namibia market

Beer sales volumes in the Namibian market grew by 6% compared to the last period the Tafel Lager brand being the main driver of this growth. We made a significant investment in Tafel Lager in the period and the brand benefited from new labelling, and the launch of the "Share Your Pride" campaign which was rolled out nation-wide. This investment has helped accelerate the strong growth in Tafel Lager in the period under review. Windhoek Draught continues to perform well and has also contributed to the overall growth in volumes.

South Africa

The South African joint venture, DHN Drinks (Pty) Ltd, continued to grow its portfolio, with increasing sales compared to the prior period. The Windhoek Trademark's success continues to be underpinned by Windhoek Draught, which delivered double digit growth. The operating loss attributable to DHN Drinks (Pty) Ltd decrease compared to the previous period.

Exports (excluding South Africa)

There was a mix of performances in the remainder of our export markets. Our brands, spearheaded by Windhoek Lager and Windhoek Draught are growing in Zambia, Cameroon and Uganda. Despite a contracting formal beer market in Botswana, following a successful national consumer promotion, we have managed to hold our market share. Our rate of sale in Zimbabwe has slowed and Angola sales have been hampered by importation challenges. We are looking to increase sales in the United Kingdom by improving our route to market.

Prospects

Whilst the recent brand investments have impacted our operating margins, we expect the business to benefit from these investments going forward. The Namibian market has returned to steady growth and we forecast this to continue. Whilst the South African market is highly competitive, we believe that our portfolio of African and International brands will carry on growing. Our other export markets will continue to get increasing focus as the source of new sales opportunities. In the short term we expect our financial performance to continue at similar levels for the remainder of the financial year.

Dividend declaration

The Board of Directors have declared an interim dividend of 27 cents per ordinary share. Payment will be effected to the shareholders of ordinary shares registered in the books of the company at the close of business on 13 April 2012 and will be paid on 11 May 2012.

Further cautionary announcement

Further to the cautionary announcement dated 7 March 2012, shareholders are advised that negotiations are still in progress, which if successfully concluded, may have a material effect on the price of the company's shares. Accordingly, shareholders are advised to continue exercising caution when dealing in the company's shares until a full announcement is made.

Directors

S Thieme (Chairman), B Kidner ¹, BHW Masche, C-L List, LL van der Borgh ², E Ender, H-B Gerdes, TZM Hijarunguru, Z Mina ³, P Grüttemeyer, NB Blazquez ¹, M Kromat ⁴, JG Fitzgerald ⁴, G Mahinda ⁵, S Hiemstra ⁶
 British ¹ Belgian ² Cypriot ³ South African ⁴ Kenyan ⁵ Dutch ⁶

Secretaries: Ohlthaver & List Centre (Pty) Ltd, P O Box 16, Windhoek

Auditors: Deloitte & Touché (Namibia), PO Box 47, Windhoek

Attorneys: Engling Stritter & Partners, P O Box 43, Windhoek

Windhoek, 15 March 2012

Sponsor to Namibia Breweries Limited Share code: NBS
 Investment House Namibia (Pty) Ltd - Member of the Namibian Stock Exchange iSIN: NA0009114944

REVENUE

+13%

PROFIT FOR THE PERIOD

+7%

INTERIM DIVIDEND PER ORDINARY SHARE

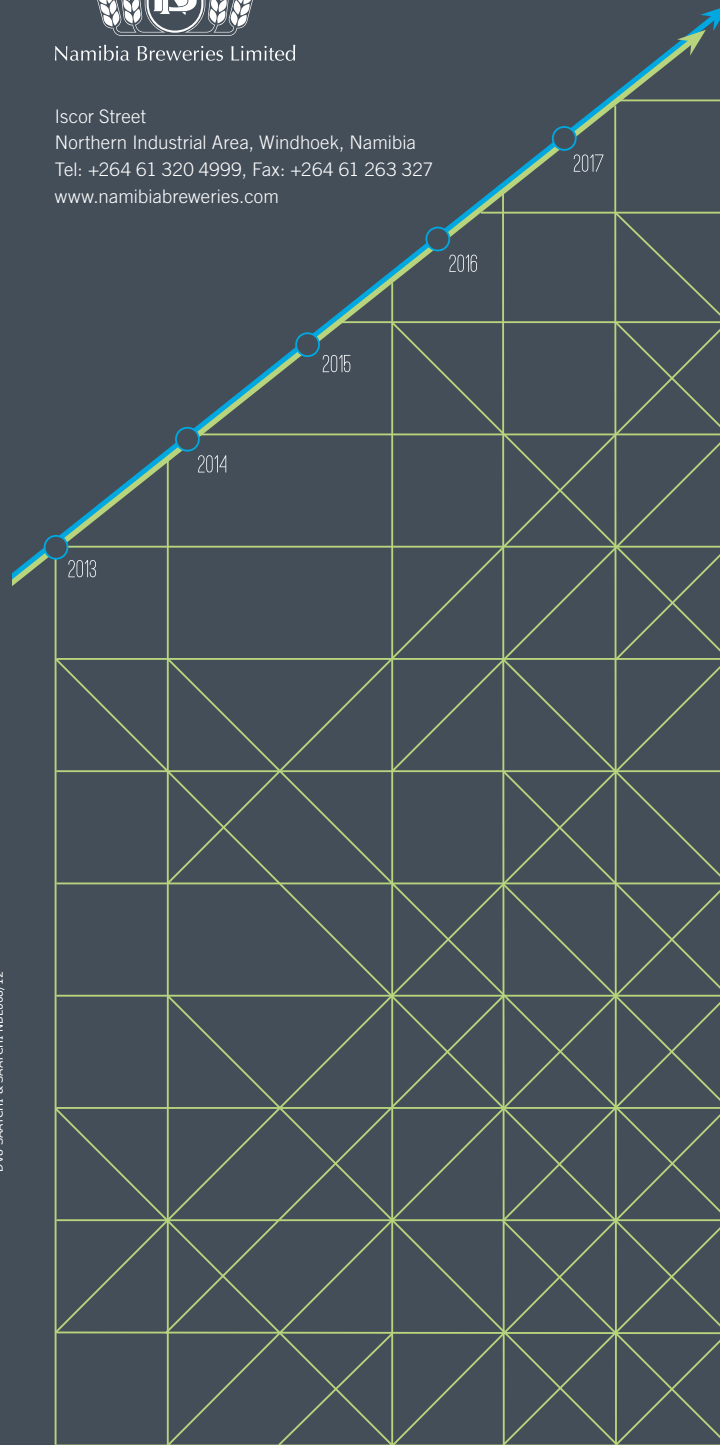
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NOTE:
 The payment date for the interim dividend is 11 May 2012



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DVB SAATCHI & SAATCHI NBL009/12



Namibia Breweries Limited

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated results of the Group for the period ended 31 December 2011

