

## Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Comprehensive Income for the				
		6 months ended	6 months ended	12 months ended
		31 Dec 2012	31 Dec 2011	30 June 2012
<i>In thousands of Namibia Dollars</i>	Notes	Unaudited	Unaudited	Audited
<b>Continuing operations</b>				
Sales of goods (net of discounts allowed)		1 178 200	1 042 247	2 100 757
Royalty income		42 183	28 888	59 005
Rent received		146	153	305
<b>Revenue</b>		<b>1220 529</b>	<b>1 071 288</b>	<b>2 160 067</b>
Raw materials and consumables		(535 222)	(480 055)	(988 150)
Employment costs		(128 102)	(118 546)	(224 703)
Administration and marketing expenses		(161 133)	(132 636)	(264 099)
Railage and transport		(94 379)	(82 503)	(142 121)
Repairs and maintenance		(22 822)	(20 970)	(34 789)
Depreciation, amortisation and impairments		(45 111)	(37 428)	(77 190)
<b>Operating profit</b>		<b>233 760</b>	<b>199 150</b>	<b>429 015</b>
Finance income		8 762	9 855	22 346
Finance costs		(10 014)	(10 285)	(23 233)
Equity loss from joint venture		(50 587)	(32 250)	(92 147)
<b>Profit before tax</b>		<b>181 921</b>	<b>166 470</b>	<b>335 981</b>
Income tax expense	4	(60 690)	(46 679)	(114 027)
<b>Profit for the period/year</b>		<b>121 231</b>	<b>119 791</b>	<b>221 954</b>
Other comprehensive income for the period/year		0	0	0
<b>Total comprehensive income for the period/year attributable to equity holders of the parent</b>		<b>121 231</b>	<b>119 791</b>	<b>221 954</b>
Ordinary shares in issue (thousands)		206 529	206 529	206 529
Basic earnings per share (cents)	8	58.7	58.0	107.5
Dividend per ordinary share (cents)		27.0	24.5	51.5

Interim Condensed Consolidated Statement of Financial Position at				
<i>In thousands of Namibia Dollars</i>				
	Notes	31 Dec 2012	31 Dec 2011	30 June 2012
		Unaudited	Unaudited	Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	808 990	757 710	799 762
Intangible assets		14 304	4 646	6 436
Investment in a joint venture	6	166 064	176 400	118 071
Loans		0	12 899	0
Available-for-sale investments		14	14	14
		989 372	951 669	924 283
<b>Current assets</b>				
Inventories		267 859	154 693	203 175
Trade and other receivables		386 030	516 039	453 093
Derivative financial instruments		0	692	71
Cash and cash equivalents		157 247	93 955	91 899
		811 136	765 379	748 238
<b>Total assets</b>		<b>1 800 508</b>	<b>1 717 048</b>	<b>1 672 521</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		1 024	1 024	1 024
Retained earnings		971 757	859 889	906 289
Ordinary shareholders' equity		972 781	860 913	907 313
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	7	174 267	265 437	265 693
Post employment medical aid and severance pay benefit plan		16 531	15 436	16 531
Deferred taxation liability		144 248	112 040	126 927
		335 046	392 913	409 151
<b>Current liabilities</b>				
Interest bearing loans and borrowings	7	97 579	74 383	4 469
Trade and other payables		394 118	370 342	346 801
Income tax payable		984	18 497	4 787
		492 681	463 222	356 057
<b>Total equity and liabilities</b>		<b>1 800 508</b>	<b>1 717 048</b>	<b>1 672 521</b>

Interim Condensed Consolidated Statement of Changes in Equity			
<i>In thousands of Namibia Dollars</i>			
	Issued capital	Retained earnings	Total
<b>Attributable to equity holders of parent</b>			
<b>Balance at 1 July 2011</b>	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)
<b>Balance at 31 Dec 2011</b>	<b>1 024</b>	<b>859 889</b>	<b>860 913</b>
<b>Balance at 1 July 2012</b>	1 024	790 680	791 704
Profit for the year	0	221 954	221 954
Dividends paid to equity holders	0	(106 345)	(106 345)
<b>Balance at 30 June 2012</b>	<b>1 024</b>	<b>906 289</b>	<b>907 313</b>
<b>Balance at 1 July 2012</b>	1 024	906 289	907 313
Profit for the period	0	121 231	121 231
Dividends paid to equity holders	0	(55 763)	(55 763)
<b>Balance at 30 June 2012</b>	<b>1 024</b>	<b>971 757</b>	<b>972 781</b>

Interim Condensed Consolidated Statement of Cash Flows for the				
<i>In thousands of Namibia Dollars</i>				
	Note	6 months ended	6 months ended	12 months ended
		31 Dec 2012	31 Dec 2011	30 June 2012
		Unaudited	Unaudited	Audited
<b>Cash flows from operating activities</b>				
Receipts from customers		1 198 148	912 002	2 038 883
Payments to suppliers and employees		(869 040)	(787 927)	(1 675 799)
Dividends paid to equity holders		(55 763)	(50 582)	(106 345)
Income tax paid		(47 172)	(43 271)	(109 442)
Net cash flows from operating activities		226 173	30 222	147 297
<b>Cash flows from investing activities</b>				
Proceeds from sale of plant and equipment		108	655	3 665
Finance income received		11 285	34 474	46 965
Loans repaid by Share purchase trust		0	0	12 899
Purchase of plant and equipment	5	(53 520)	(90 348)	(175 713)
Acquisition of intangible asset		(9 903)	(883)	(3 494)
Purchase of shares in joint venture		0	0	(94 568)
Loan (advanced to) / repaid by joint venture		(98 580)	(111 910)	5 709
Net cash flows used in investing activities		(150 610)	(168 012)	(204 537)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		7 455	153 030	87 445
Repayment of borrowings		(7 656)	(2 651)	(6 724)
Finance costs paid		(10 014)	(10 285)	(23 233)
Net cash flows from financing activities		(10 215)	140 094	57 488
Net change in cash and cash equivalents		65 348	2 304	248
Cash and cash equivalents at 1 July		91 899	91 651	91 651
<b>Cash and cash equivalents at end of the period</b>		<b>157 247</b>	<b>93 955</b>	<b>91 899</b>

Interim Condensed Consolidated Divisional Information for the				
<i>In thousands of Namibia Dollars</i>				
		6 months ended	6 months ended	12 months ended
		31 Dec 2012	31 Dec 2011	30 June 2012
		Unaudited	Unaudited	Audited
<b>Revenue - Beer</b>		1 029 125	931 564	1 870 923
- Softs		58 884	39 321	76 161
- RTDs		130 245	97 320	199 355
- Other		2 275	3 083	13 628
<b>Total revenue</b>		<b>1220 529</b>	<b>1 071 288</b>	<b>2 160 067</b>
<b>Divisional results - Beer</b>		215 927	181 638	379 860
- Softs		3 837	2 479	2 749
- RTDs		11 763	12 103	35 709
- Other		2 233	2 930	10 697
<b>Divisional operating profit</b>		<b>233 760</b>	<b>199 150</b>	<b>429 015</b>
Adjustments and unallocated		(51 839)	(32 680)	(93 034)
<b>Profit before tax</b>		<b>181 921</b>	<b>166 470</b>	<b>335 981</b>

## 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 2012 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 2012 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 Namibian 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 2012.

### 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 2012.

Notes to the Condensed Interim Consolidated Financial Statements (continued) for the				
		6 months ended	6 months ended	12 months ended
		31 Dec 2012	31 Dec 2011	30 June 2012
		Unaudited	Unaudited	Audited
<i>In thousands of Namibia Dollars</i>				

### Note 4 - Income tax expense

Namibia - Deferred taxation	(17 321)	(2 650)	(17 538)
Namibia - Normal taxation	(34 444)	(33 968)	(76 530)
South Africa - Normal taxation	(8 925)	(10 061)	(19 959)
	<u>(60 690)</u>	<u>(46 679)</u>	<u>(114 027)</u>

Notes to the Condensed Interim Consolidated Financial Statements at			
	31 Dec 2012	31 Dec 2011	30 June 2012
<i>In thousands of Namibia Dollars</i>	Unaudited	Unaudited	Audited

### Note 5 - Property, plant and equipment

Net book value at beginning of the year	799 762	668 574	668 574
Capital expenditure	53 520	126 733	209 418
Disposals	(616)	(973)	(2 665)
Depreciation and impairments	(43 676)	(36 624)	(75 565)
Net book value at end of the year	<u>808 990</u>	<u>757 710</u>	<u>799 762</u>

During the year, the Group acquired property, plant and equipment with an aggregate cost of N\$53 520 000 all of which was paid for in cash.

### Note 6 - Investment in a joint venture

Non-current			
Shares at cost	304 747	210 180	304 747
Accumulated equity accounted losses	(337 868)	(227 385)	(287 281)
Loan balance owing by joint venture	<u>199 185</u>	<u>193 605</u>	<u>100 605</u>
	<u>166 064</u>	<u>176 400</u>	<u>118 071</u>

As of the date of these Condensed Consolidated Financial Statements, Namibia Breweries Limited is in an ongoing stage of negotiations with its Joint Venture partners concerning the amalgamation of DHN Drinks (Pty) Ltd and the Sedibeng Brewery operations. In assessing the recoverability of the Group and Company investment in DHN Drinks (Pty) Ltd, it has been assumed that these negotiations will be concluded successfully. The amalgamation of DHN Drinks (Pty) Ltd and Sedibeng brewery has a significant impact on determining the recoverability of the DHN Drinks (Pty) Ltd investment.

### Note 7 - Interest bearing loans and borrowings

Non-current liabilities (secured)			
Term facility (secured by a cession of debtors)	126 667	180 000	180 000
Term facility (secured by a general notarial bond)	40 775	80 000	80 000
Finance lease liabilities	6 825	5 437	5 693
	<u>174 267</u>	<u>265 437</u>	<u>265 693</u>

### Current liabilities (secured)

Term facility (secured by general notarial bond)	39 225	0	0
Finance lease liabilities	5 021	4 383	4 469
Term facility from bank (secured by cession of debtors)	<u>53 333</u>	<u>70 000</u>	<u>0</u>
	<u>97 579</u>	<u>74 383</u>	<u>4 469</u>

## Notes to the Condensed Interim Consolidated Financial Statements (continued)

Notes to the Condensed Interim Consolidated Financial Statements (continued) at			
	31 Dec 2012	31 Dec 2011	30 June 2012
<i>In thousands of Namibia Dollars</i>	Unaudited	Unaudited	Audited

### Note 8 - Reconciliation between earnings and headline earnings

Comprehensive income (used for basic EPS)	121 231	119 791	221 954
Net impairment reversal on property, plant and equipment (after tax)	0	0	(4 687)
Net profit/(loss) on sale of plant and equipment (after tax)	(335)	229	(660)
	<u>120 896</u>	<u>120 020</u>	<u>216 607</u>
Headline earnings per ordinary share (cents)	58.5	58.1	104.9

### Note 9 - Capital commitments

Authorised capital expenditure at 31 December 2012 amounted to N\$171 156 000 (2011: N\$155 905 000) of which N\$4 183 243 (2011: N\$32 266 000) is contractually committed. All these capital commitments will be financed from own funds.

As per the cautionary announcement issued on 25th February 2013 and as of the date of these Condensed Consolidated Financial Statements, the proposed transaction as mentioned in note 6 involves restructuring of existing arrangements between Diageo Highlands Holdings B.V ("Diageo"), Heineken International B.V. ("Heineken") and NBL ("the parties") in South Africa. By this transaction DHN Drinks (Pty) Ltd ("DHN"), the shareholders of which are Diageo, a subsidiary of Diageo Plc, Heineken, a subsidiary of Heineken B.V. and NBL, intend to acquire 100% of the issued share capital of Sedibeng Brewery (Pty) Limited ("Sedibeng"), which owns the Sedibeng brewery, the current shareholders of which are Heineken and Diageo.

### Note 10 - Related parties

During the 6 months ended 31 December 2012, the Group sold products and services to companies within the Ohlthaver & List Group to the value of N\$2 145 000 (2011: N\$1 430 000). The Group sold goods to its joint venture and its largest single customer, DHN Drinks (Pty) Ltd to the value of N\$595 817 000 (2011 : N\$571 350 000) and earned royalty income from DHN Drinks (Pty) Ltd to the value of N\$42 183 000 (2011 : N\$30 488 000). The Group also sold goods to Heineken South Africa Exports Company (Pty) Ltd, Diageo South Africa (Pty) Ltd and Diageo Great Britain Ltd to the value of N\$49 109 000 (2011: N\$48 071 000), N\$40 843 000 (2011: N\$67 124 000) and N\$6 078 000 (2011: N\$7 140 000) respectively. Outstanding receivable balances at reporting date amounted to:

	31 Dec 2012	31 Dec 2011	30 June 2012
<i>In thousands of Namibia Dollars</i>	Unaudited	Unaudited	Audited
Ohlthaver & List Group	3 451	1 285	2 235
DHN Drinks (Pty) Ltd	156 200	301 004	247 010
Heineken South Africa Export Company (Pty) Ltd	7 291	8 957	7 168
Diageo South Africa (Pty) Ltd	8 522	10 217	12 636
Diageo Great Britain Ltd	5 014	9 267	3 084

Management fees accrued to Diageo Plc, Heineken International B.V. and Ohlthaver & List Finance and Trading Corporation Limited for the 6 months ended 31 December 2012 amounted to N\$8 305 000 (2011: N\$6 419 000).

### Note 11 - 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 Operational and Financial Review

The Board is pleased to report on the Group's financial results for the period ended 31 December 2012.

### Financial performance

The Group's revenue increased by 14% compared to the previous period mainly due to performance in our home market and increased volumes produced and supplied to DHN our South African Joint Venture. Operating profit for the period grew by 17% compared to the previous year. The loss recorded from our South African Joint venture DHN Drinks was N\$51m. This was 19m higher than the previous period.

### Namibia Market

In Namibia, beer sales have continued to grow at double digit levels, whilst our ready to drink range (RTD) sales have seen a slight decline. The Tafel brand continued to outperform the portfolio and helped increase market share in Namibia. Overall beer sales volumes in Namibia grew by 13% compared to the previous period the Tafel brand being the main driver of this growth. Windhoek Draught continues to perform well and has also contributed to the overall growth in volumes. Vigo, the new-to-world malt soft drink range launched in 2012 has had a solid start and continues to outperform expectations.

### South Africa

Total volumes produced by NBL and sold to DHN Drinks (Pty) Ltd were up by 6% compared to the prior year. This growth was supported by ready to drink range (RTD) volumes also produced and supplied to DHN. Our South African joint venture continued to grow sales at single digit levels despite the highly competitive environment. Within the portfolio of international and African brands, the Windhoek Trademark continued to outperform with the can variant continuing to do particularly well. The Windhoek Trademark saw the launch of a new TV campaign which was aired in South Africa and across the region.

### Exports (excluding South Africa)

Export markets performance was mixed. Competition has increased particularly in the SADC countries we trade in. The business will focus on fewer key markets going forward.

### Prospects

We expect our recent performance to continue in Namibia with continued solid growth in beer. The Windhoek Trademark has been strengthened in South Africa and we believe that focusing on fewer core export markets will start to yield results in the near future. We are confident that this financial performance will continue at similar levels for the remainder of the financial year.

### Dividend Declaration

The Board of Directors has declared an interim dividend of 31 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 12 April 2013 and will be paid on 10 May 2013.

### Directors

S Thieme (Chairman), H van der Westhuizen (Managing Director), B Kidner<sup>1</sup>, BHW Masche, C-L List, E Ender<sup>2</sup>, H-B Gerdes, Sijep Hiemstra<sup>3</sup>, Lieven van der Borgh<sup>4</sup>, P Grüttemeyer, NB Blazquez<sup>5</sup>, G Mahinda<sup>2</sup>, Martin Kromat<sup>6</sup>, D Leleu<sup>4</sup>, LV McLeod-Katjirua.

<sup>1</sup>British <sup>2</sup>Kenyan <sup>3</sup>Dutch <sup>4</sup>French <sup>5</sup>German <sup>6</sup>South African

### Secretaries

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

### Auditors

Deloitte & Touche (Namibia)  
PO Box 47  
Windhoek

### Attorneys

Engling Stritter & Partners  
P O Box 43  
Windhoek

Windhoek, 18 March 2013

### Sponsor to Namibia Breweries Limited

PSG Konsult  
Member of the Namibian Stock Exchange



**Note:** The payment date for the interim dividend is 10 May 2013

## HIGHLIGHTS

Revenue +14%

Operating profit for the period +17%

Interim dividend per ordinary share 31c



Namibia Breweries Limited

## Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated results of the Group for the period ended 31 December 2012