

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 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>	Notes	Unaudited	Unaudited	Audited
Continuing operations				
Sales of goods (net of discounts allowed)		1 315 183	1 178 200	2 312 623
Royalty income		38 565	42 183	70 456
Rent received		133	146	305
Revenue		1 353 881	1 220 529	2 383 384
Raw materials and consumables		(566 585)	(535 222)	(1 051 378)
Employment costs		(133 502)	(128 102)	(251 202)
Administration and marketing expenses		(194 864)	(161 133)	(273 057)
Railage and transport		(100 536)	(94 379)	(170 349)
Repairs and maintenance		(29 551)	(22 822)	(37 021)
Depreciation, amortisation and impairments		(54 597)	(45 111)	(100 288)
Operating profit		274 246	233 760	500 089
Finance income		5 459	8 762	20 392
Finance costs		(9 024)	(10 014)	(23 648)
Equity loss from joint venture (ongoing operations)		(34 684)	(50 587)	(109 002)
Equity loss from joint venture (deferred tax asset write down)		0	0	(188 089)
Profit before tax		235 997	181 921	199 742
Income tax expense	4	(65 553)	(60 690)	(126 797)
Profit for the period/year		170 444	121 231	72 945
Other comprehensive income for the period/year		0	0	0
Total comprehensive income for the period/year attributable to equity holders of the parent		170 444	121 231	72 945
Ordinary shares in issue (thousands)		206 529	206 529	206 529
Basic earnings per share (cents)	8	82.5	58.7	35.3
Headline earnings per share (cents)	8	98.7	83.0	177.8
Dividend per ordinary share (cents)		31.0	27.0	58.0

Interim Condensed Consolidated Statement of Financial Position at		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>	Notes	Unaudited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, plant and equipment	5	855 650	808 990	827 683
Intangible assets		11 090	14 304	12 244
Investment in a joint venture	6	83 576	166 064	13 635
Available-for-sale investments		14	14	14
		950 330	989 372	853 576
Current assets				
Inventories		229 200	267 859	285 890
Trade and other receivables		452 732	386 030	306 907
Cash and cash equivalents		109 360	157 247	267 801
		791 292	811 136	860 598
Total assets		1 741 622	1 800 508	1 714 174
EQUITY AND LIABILITIES				
Equity				
Share capital		1 024	1 024	1 024
Foreign currency translation reserve		(69)	0	0
Retained earnings		965 867	971 757	859 447
Ordinary shareholders' equity		966 822	972 781	860 471
Non-current liabilities				
Interest bearing loans and borrowings	7	9 684	174 267	9 231
Post employment medical aid and severance pay benefit plan		20 043	16 531	18 945
Deferred taxation liability		162 152	144 248	152 757
		191 879	335 046	180 933
Current liabilities				
Interest bearing loans and borrowings	7	212 544	97 579	266 211
Trade and other payables		368 902	394 118	406 122
Derivative financial instruments		0	0	378
Income tax payable		1 475	984	59
		582 921	492 681	672 770
Total equity and liabilities		1 741 622	1 800 508	1 714 174

Interim Condensed Consolidated Statement of Changes in Equity		Issued capital	Retained earnings	FCTR	Total
<i>In thousands of Namibia Dollars</i>					
Attributable to equity holders of parent					
Balance at 1 July 2012		1 024	906 289	0	907 313
Profit for the period		0	121 231	0	121 231
Dividends paid to equity holders		0	(55 763)	0	(55 763)
Balance at 31 Dec 2012		1 024	971 757	0	972 781
Balance at 1 July 2012		1 024	906 289	0	907 313
Profit for the year		0	72 945	0	72 945
Dividends paid to equity holders		0	(119 787)	0	(119 787)
Balance at 30 June 2013		1 024	859 447	0	860 471
Balance at 1 July 2013		1 024	859 447	0	860 471
Translation of Foreign Subsidiary		0	0	(69)	(69)
Profit for the period		0	170 444	0	170 444
Dividends paid to equity holders		0	(64 024)	0	(64 024)
Balance at 31 Dec 2013		1 024	965 867	(69)	966 822

Interim Condensed Consolidated Statement of Cash Flows for the		6 months ended	6 months ended	12 months ended
		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>	Note	Unaudited	Unaudited	Audited

Cash flows from operating activities				
Receipts from customers		1 208 056	1 198 148	2 517 070
Payments to suppliers and employees		(1 002 696)	(869 040)	(1 810 294)
Dividends paid to equity holders		(64 024)	(55 763)	(119 787)
Income tax paid		(54 740)	(47 172)	(105 696)
Net cash flows from operating activities		86 596	226 173	481 293

Cash flows from investing activities				
Proceeds from sale of plant and equipment		939	108	12 051
Finance income received		5 459	11 285	32 892
Purchase of plant and equipment	5	(83 112)	(53 520)	(137 640)
Acquisition of intangible asset		(1 018)	(9 903)	(2 050)
Purchase of shares in joint venture		0	0	(293 260)
Loan (advanced to) / repaid by joint venture		(104 625)	(98 580)	100 605
Net cash flows used in investing activities		(182 357)	(150 610)	(287 402)

Cash flows from financing activities				
Proceeds from borrowings		4 910	7 455	12 940
Repayment of borrowings		(58 566)	(7 656)	(7 281)
Finance costs paid		(9 024)	(10 014)	(23 648)
Net cash flows from financing activities		(62 680)	(10 215)	(17 989)

Net change in cash and cash equivalents		(158 441)	65 348	175 902
Cash and cash equivalents at 1 July		267 801	91 899	91 899
Cash and cash equivalents at end of the period		109 360	157 247	267 801

Interim Condensed Consolidated Divisional Information for the		6 months ended	6 months ended	12 months ended
		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>		Unaudited	Unaudited	Audited

Revenue - Beer		1 218 307	1 029 125	2 044 668
- Softs		72 638	58 884	108 586
- RTDs		59 378	130 245	220 199
- Other		3 558	2 275	9 931
Total revenue		1 353 881	1 220 529	2 383 384

Divisional results - Beer		259 282	215 927	451 563
- Softs		2 255	3 837	4 993
- RTDs		9 295	11 763	33 642
- Other		3 414	2 233	9 891
Divisional operating profit		274 246	233 760	500 089
Adjustments and unallocated		(38 249)	(51 839)	(300 347)
Profit before tax		235 997	181 921	199 742

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 2013 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 2013 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 2013.

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 2013, except for the adoption of IFRS 10, 11, 12 and 13 which did not result in any changes to the recognition and measurement of any amounts included in the Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements for the		6 months ended	6 months ended	12 months ended
		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>		Unaudited	Unaudited	Audited

Note 4 - Income tax expense

Namibia - Deferred taxation	(9 396)	(17 321)	(25 829)
Namibia - Normal taxation	(45 364)	(34 444)	(84 167)
South Africa - Normal taxation	(10 793)	(8 925)	(16 801)
	(65 553)	(60 690)	(126 797)

Notes to the Condensed Interim Consolidated Financial Statements at		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>		Unaudited	Unaudited	Audited

Note 5 - Property, plant and equipment

Net book value at beginning of the year	827 683	799 762	799 762
Capital expenditure	83 112	53 520	137 640
Disposals	(2 719)	(616)	(15 692)
Depreciation and impairments	(52 426)	(43 676)	(94 027)
Net book value at end of the year	855 650	808 990	827 683

During the period, the Group acquired property, plant and equipment with an aggregate cost of N\$83 112 000 all of which was paid for using own funds.

Note 6 - Investment in a joint venture

Non-current				
Shares at cost		598 007	304 747	598 007
Accumulated equity accounted losses		(619 056)	(337 868)	(584 372)
Loan balance owing by joint venture		104 625	199 185	0
		83 576	166 064	13 635

As of the date of these Interim 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.

Note 7 - Interest bearing loans and borrowings

Non-current liabilities (secured)				
Term facility (secured by a cession of debtors)		0	126 667	0
Term facility (secured by a general notarial bond)		0	40 775	0
Finance lease liabilities		9 684	6 825	9 231
		9 684	174 267	9 231

Current liabilities (secured)

Term facility (secured by general notarial bond)		79 287	39 225	80 000
Finance lease liabilities		6 590	5 021	6 211
Term facility from bank (secured by cession of debtors)		126 667	53 333	180 000
		212 544	97 579	266 211

Notes to the Condensed Interim Consolidated Financial Statements (continued)

Notes to the Condensed Interim Consolidated Financial Statements (continued) at		31 Dec 2013	31 Dec 2012	30 June 2013
<i>In thousands of Namibia Dollars</i>		Unaudited	Unaudited	Audited

Note 8 - Reconciliation between earnings and headline earnings

Comprehensive income (used for basic EPS)		170 444	121 231	72 945
Accumulated equity accounted losses from ongoing operations		34 684	50 587	109 002
Accumulated equity accounted losses from deferred tax asset		0	0	188 089
Net profit/(loss) on sale of plant and equipment (after tax)		(1 193)	(335)	(2 785)
		203 935	171 483	367 251

Headline earnings per ordinary share (cents)		98.7	83.0	177.8
Basic earnings per ordinary share (cents)		82.5	58.7	35.3

Note 9 - Capital commitments

Total authorised capital expenditure at 31 December 2013 amounted to N\$169 399 000 (2012: N\$171 156 000) of which N\$83 112 000 (2012: N\$53 520 000) has already been spent and N\$3 654 000 (2012: N\$4 183 243) is contractually committed. All these capital commitments will be financed from own funds.

As per the cautionary announcement issued on 7th March 2014 and as of the date of these Interim Condensed Consolidated Financial Statements, there are on-going discussions surrounding a proposed transaction which involves a 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 2013, the Group sold products and services to companies within the Ohlthaver & List Group to the value of N\$1 771 000 (2012: N\$2 145 000). The Group sold goods to its joint venture and its largest single customer, DHN Drinks (Pty) Ltd to the value of N\$573 615 000 (2012: N\$595 817 000) and earned royalty income from DHN Drinks (Pty) Ltd to the value of N\$44 539 000 (2012: N\$42 183 000). 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\$54 285 000 (2012: N\$49 109 000), N\$30 069 000 (2012: N\$40 843 000) and N\$0 (2012: N\$6 078 000) respectively. Outstanding receivable balances at reporting date amounted to:

<i>In thousands of Namibia Dollars</i>		31 Dec 2013	31 Dec 2012	30 June 2013
		Unaudited	Unaudited	Audited

Ohlthaver & List Group		2 785	3 451	3 964
DHN Drinks (Pty) Ltd		168 990	156 200	

Group Operational and Financial Review

The Board is pleased to report on the Group's financial results for the period ended 31 December 2013.

Financial performance

The Group's revenue increased by 11% compared to the previous period. In Namibia, sales volumes of Beer have continued to grow strongly whilst Softs and the ready to drink range (RTD) volumes have only seen a marginal growth when compared to the previous period. Tafel continues to outperform within the beer portfolio. Supported by the strong growth of Tafel, NBL has been able to increase its market share of beer in Namibia. Beer volumes produced and sold to DHN Drinks (Pty) Ltd were up by 7% compared to prior year whereas RTD volumes were down by 84%. This resulted in a 6% reduction in total volumes produced and sold to DHN Drinks (Pty) Ltd compared to the prior year. Operating profit for the year grew by 17% compared to the previous period. This growth was mainly driven by increased volume and further supported by pricing.

Namibia Market

The Namibian market continues to remain a significant contributor to total revenues and earnings. Beer sales volumes in the Namibian market grew by 11% compared to the prior year, 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. Windhoek Lager saw the launch of a new TV campaign which was launched across SADC, associating the brand with soccer legend Didier Drogba and portraying both their journeys from humble beginnings to World-class success.

South Africa

The South African joint venture, DHN Drinks (Pty) Ltd, continued to grow its total portfolio, with increasing sales compared to the prior period, the RTD portfolio being the main driver of growth. Total beer, including the Windhoek Trade mark saw a slight decline in the period. The operating loss attributable to DHN Drinks (Pty) Ltd decreased compared to the previous period.

Exports (excluding South Africa)

Volumes in the remainder of our exports also grew compared to the prior year with Mozambique and Tanzania seeing good growth in volumes albeit from a small base. Competition continued to increase particularly in the SADC countries we trade in.

Prospects

Maintaining margins will remain a key focus point going forward. The recently launched Windhoek Lager campaign will be rolled out to the rest of the region and will start to yield results in the near future. We do not however expect current financial performance to continue at similar levels for the remainder of the year.

Dividend Declaration

The Board of Directors has declared an interim dividend of 34 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 11 April 2014 and will be paid on 9 May 2014.

Directors

S Thieme (Chairman), H van der Westhuizen (Managing Director), G Mouton, C-L List, E Ender¹, H-B Gerdes, S Hiemstra², L van der Borgh³, P Grüttemeyer, NB Blazquez¹, J Milliken¹, M Kromat⁴, D Leleu⁴, LV McLeod-Katjirua.

¹ British ² Kenyan ³ Dutch ⁴ French ⁵ German ⁶ South African

Secretaries

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Windhoek, 25 March 2014

Sponsor to Namibia Breweries Limited

PSG Wealth Management (Namibia) (Pty) Limited
Member of the Namibian Stock Exchange



Note: The payment date for the interim dividend is 9 May 2014

HIGHLIGHTS

Revenue +11%
Operating profit for the period +17%
Interim dividend per ordinary share 34c

Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated results of the Group for the period ended 31 December 2013