



**O&L**

SINCE 1919

**Ohlthaver & List**  
GROUP

**OUR WORLD *ANNUAL REPORT 2014***

# WELCOME TO THE O&L WORLD





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## OUR PURPOSE

Creating a future, enhancing life

## OUR 2019 VISION

To be the most progressive and inspiring company

## OUR VALUES

Let's talk

Open, honest, down-to-earth, from-the-heart communication

Let's do it

Deliver on tasks with speed and quality

Hooked on results

Committed to delivering breakthrough outcomes

Naturally today for tomorrow

Caring about the future, caring about everyone

We grow people

Taking responsibility and providing opportunities for growth

We do the right thing right

Bringing thinking to everything

We all serve

Serving the purpose, owning the whole, everyone matters

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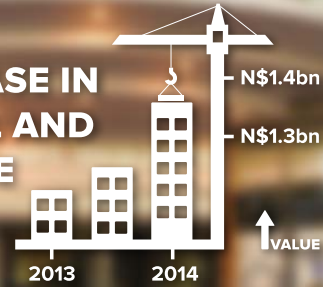
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**12.4% INCREASE IN PRIME RETAIL AND OFFICE SPACE**



**BROLL NAMIBIA**

Broll and List Property Management (Namibia) (Proprietary) Limited (Broll Namibia) is a strategic partnership between the O&L Group and the Broll Property Group of South Africa which was established in 2003. Broll Namibia has been managing O&L's Commercial Portfolio since 2003. O&L's Property Portfolio, which provides mainly prime retail and office space, now exceeds the N\$1.5 billion value mark. Properties included in the O&L Commercial Portfolio include Wernhil Park Shopping Centre, Standard Bank Centre/Town Square, Alexander Forbes House/Carl List Mall, Fruit & Veg City/Cashbuild, and the Old Breweries Building, which are all located in Windhoek, as well as the Pick n Pay Centre, which is located in Walvis Bay.

**DIMENSION DATA NAMIBIA**

Dimension Data Namibia (Proprietary) Limited was established in November 2006 as a business partnership between the O&L Group and Dimension Data Middle East and Africa. It has grown considerably since then and is currently one of Namibia's most successful information technology (IT) solution providers. It services highly strategic Namibian clients, both within and outside the O&L Group, and has a global footprint with great penetration in Africa.



**HANGANA SEAFOOD**

Hangana Seafood (Proprietary) Limited, established in 1997, is the operating company for the white hake quota holders, namely Consortium Fisheries Limited and Kuiseb Fish Products (Proprietary) Limited. Hangana Seafood is committed to a leadership role in the Namibian fishing industry and has a wet-fish fleet of eight vessels. The company's land-frozen products are mainly exported to Australia, France, Germany, Italy, the Netherlands, Spain, the United States and the Southern African Development Community (SADC) region.

**PROFIT INCREASED FROM N\$16.6 MILLION TO N\$57.7 MILLION (248%).**



**KRAATZ MARINE**

Kraatz Marine (Proprietary) Limited was established in 1947 and provides engineering and related services to the oil and gas, mining, and general industrial sectors. These services include ship repair, rig repair, fabrication, machining, welding and construction.

**F14**  
12 SCHOLARS FROM NIMT ENROLLED FOR APPRENTICESHIP



**NAMIBIA BREWERIES**

Established in 1920, Namibia Breweries Limited (NBL) is among the frontrunners in the beverage manufacturing sector in Namibia. The company leads the domestic beer market and has a significant share of the premium beer category in southern Africa. The total exports of NBL account for more than half of the total production output. Brewed by choice according to the Reinheitsgebot of 1516, NBL beer enjoys the reputation of quality and purity, for which its brands have earned international recognition.

**BEER**

LEADER DOMESTIC BEER MARKET

**CO<sub>2</sub>**

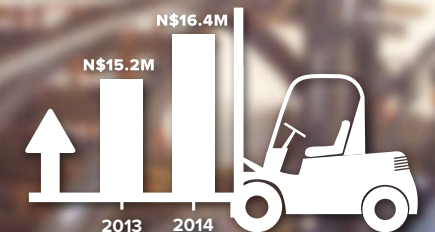
CO<sub>2</sub> EFFICIENCY THROUGH REUSING STRATEGIES

**LIFE**

CONSIDERABLE POSITIVE IMPACT ON ENVIRONMENT

**KRAATZ STEEL**

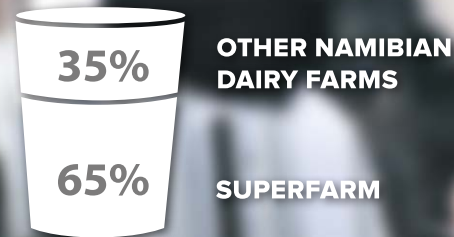
Kraatz Steel a division of WUM Properties Limited operates from Walvis Bay and Tsumeb and has been engaged in industrial steel supplies in Namibia since 1995. The company supplies steel, steel-related products and non-ferrous metals to marine engineering and construction companies, the mining sector (on land and offshore), fishing factories/vessels, oil and petroleum plants, and the general public.



## NAMIBIA DAIRIES

Namibia Dairies (Proprietary) Limited was created in 1997, following the merger between Rietfontein Dairies and Bonmilk. Since then it has grown into Namibia's primary dairy, juice and water manufacturing company, with a total annual production in excess of 38 million litres. The company is the country's market leader, with significant market share in all its product categories. It also operates one of the most modern dairy farms in the world, the !Aimab Superfarm, which is located in Mariental in southern Namibia.

### RAW MILK SUPPLY



OVER 3 000 HAPPY HEALTHY COWS

## BRANDTRIBE

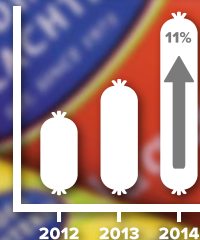
Established in 2012, Brandtribe (Proprietary) Limited is a joint venture between O&L (SA) & Techsys (CT). Brandtribe has created and manages two digital platforms: the Brandtribe SMS gateway and the Brandtribe e-CRM platform. The SMS gateway, only operational in Namibia, manages brand interactions with consumers via short codes. Brandtribe is a multi-channel consumer optimisation platform. It combines ROI and the underlying data to provide brands with a sustainable competitive advantage in the digital age. Brandtribe tracks the digital effectiveness of brands all in one place, from push messaging and Pay per click (PPC) advertising to consumer interactions, allowing brands to quickly see what is working, what is not, and most importantly, why.

75% GROWTH IN BUSINESS FOR F14



IN LINE WITH EU STANDARDS

### SALES VOLUMES GREW BY 11%



## WINDHOEK SCHLACHTEREI

Windhoek Schlachtereï, acquired in the 1970s, is known for its processed meat products crafted in the European continental tradition. The company is the second-largest processed meat producer in the country, with a local market share of over 35%. Windhoek Schlachtereï was fully integrated into Namibia Dairies in 2010 to consolidate and optimise its manufacturing, sales and distribution, marketing, and administrative functions on its journey to becoming a sustainable operation.

### 65% GROWTH IN SEATS SOLD



## EROS AIR

Eros Air (Proprietary) Limited was founded in 1978 and provides express corporate transport and charter flights for medical and private purposes within southern Africa for the O&L Group and the general public.

## MODEL PICK N PAY

Leading Namibian retailer Model Pick n Pay is the direct descendant of Model Supermarkets. For over 30 years, Model Supermarkets traded as Model Woolworths until the expiry of the associated franchise agreement in 1997. A new franchise agreement was then entered into with Pick n Pay South Africa. The first Model Pick n Pay Supermarket was subsequently inaugurated on 28 August 1997. To build its brand, Model Pick n Pay has embarked on a strategy to extend its network of franchise stores throughout Namibia. This network has grown to 18 stores countrywide. The company attributes its success to the constant delivery of quality, variety, customer service and value for money.

### 11.2% BASKET GROWTH FOR F14 PERIOD



## WEATHERMEN & CO

What began as a joint venture between O&L and leading Cape Town advertising agency, The Jupiter Drawing Room (Proprietary) Limited, has now grown into a fully-fledged agency in the Namibian advertising realm. Weathermen & Co. is a below-, above-, on-, through- and beyond-the-line agency, born and raised in the digital age. It is the main navigating vehicle for brands in a world where choices are vast and consumer needs, competition, the economy and the environment for brands are ever-changing. We see ourselves as the weathermen; the rainmakers for both our clients and the advertising industry as a whole.

122% INCREASE IN CLIENTS



## O&L ENERGY

O&L Energy (Proprietary) Limited focuses on energy management. It also develops, designs, procures and implements renewable energy projects, especially large-scale solar power, solar water heating and bioenergy systems. O&L Energy and its international partners offer the highest German engineering and efficiency standards, and the best workmanship and reliability. These result in maximum energy saving results, as well as important contributions to the improvement of our environment.



## O&L CENTRE

The Ohlthaver & List Centre (Proprietary) Limited assumes the functions of 'investor' and shared services hub. It provides and facilitates human capital, finance, corporate relations, payroll, marketing, secretarial, risk, and SAP business management software support services to the O&L Group.

## O&L LEISURE

The O&L Leisure Portfolio, made up of the 106-room Mokuti Etosha Lodge and the 46-room Midgard Country Estate, is set for major expansion in 2015. The O&L Leisure company is currently developing the 125-room, 4-star Strand Hotel Swakopmund, which is due to open its doors in August 2015. Built on a historic and iconic site, with extensive unique and creative entertainment areas – such as restaurants, bars, a deli, a lobby lounge, sea-facing terraces, and a beach take-away – the Strand Hotel Swakopmund is bound to become a destination in itself for the residents of Swakopmund and for visitors from around the world.

The boutique, 16-room Chobe Water Villas lodge is also under construction and is anticipated to open in January 2015. This exclusive and intimate wildlife lodge is located at the eastern tip of the famous Caprivi Strip, now called the Zambezi Region of Namibia. The lodge will be privately situated in the 150 km<sup>2</sup> Namibian Kasika Conservancy, directly on the banks of the Chobe River, close to the renowned Chobe National Park and the safari town of Kasane in Botswana. This location affords unobstructed views of the national park. It also overlooks the world-renowned Sedudu Island, which boasts the greatest density of wildlife species of any river system in the world, including elephant, lion, buffalo, hippo, crocodile, as many as eight species of antelope, and 460 species of birds.

### NUMBER OF ROOMS SOLD INCREASED BY 45%



**RUNNING A WELL OILED MACHINE - THE O&L WORLD - O&L IS THE FIRST COMPANY IN ITS CATEGORY TO LIST A N\$100 MILLION BOND IN NAMIBIA**



## DIRECTORATE AND ADMINISTRATION

### EXECUTIVE DIRECTORS

#### S Thieme

Executive Chairman  
Appointed to the Board in 2001  
Elected Chairman of the Board on 17 April 2002

#### P Grüttemeyer

Chief Executive Officer  
Appointed to the Board on 1 October 2003

#### G Hanke

Group Financial Director  
Appointed to the Board on 16 November 2004

#### B Mukuahima

Group Human Capital Director  
Appointed to the Board on 1 May 2006

#### G Shilongo

Chief Corporate Relations Officer  
Appointed to the Board on 9 July 2014

### NON-EXECUTIVE DIRECTORS

#### UM Stritter

**Vice-Chairman**  
Appointed to the Board in 1994  
Elected Vice-Chairman on 17 April 2002

#### C-L List

Appointed to the Board in 1980

#### HE List (Mrs)

Appointed to the Board in 1980  
Deceased 10 January 2014

#### BHW Masche

Appointed to the Board in 1980  
Resigned on 22 July 2013

#### EP Shiimi

Appointed to the Board on 1 August 2007

#### E Ender (German)

Appointed to the Board on 23 June 2008

#### HH Müseler

**Alternate Director to HE List** (until her passing on 10 January 2014)  
Appointed as a full Board member on 20 March 2014

#### Governor LV McLeod-Katjirua

Appointed to the Board on 2 April 2012

#### Reverend WS Hanse

Appointed to the Board on 2 April 2012

### BOARD COMMITTEES

#### Audit Committee

HH Müseler, Chairman  
EP Shiimi  
P Grüttemeyer

#### Remuneration Committee

EP Shiimi, Chairman  
P Grüttemeyer

### ADMINISTRATION

#### Administration

Company Registration Number 331  
(Incorporated in Namibia)

#### Secretary

Ohlthaver & List Centre (Pty) Ltd  
Postal address:  
PO Box 16  
Windhoek

#### Business address and registered office:

7th floor – South Block  
Alexander Forbes House  
23-33 Fidel Castro Street  
Windhoek

#### Auditors

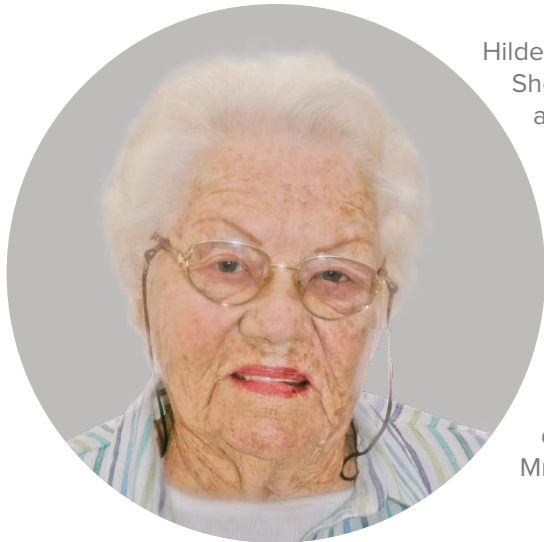
Deloitte & Touche Namibia  
Registered Accountants and Auditors

Chartered Accountants  
PO Box 47  
Windhoek

#### Attorneys

Engling, Stritter & Partners  
PO Box 43  
Windhoek

A TRIBUTE TO THE LEGACY OF HILDEGARD LIST  
 – NON-EXECUTIVE DIRECTOR 1967 - 2014 –



Hildegard Elizabeth Dannart was born in Karibib, Namibia in 1921. She was appointed to the O&L Board of Directors on 11 April 1967 and served in this position until her passing in 2014. Mrs. List had a way with people. She was always in touch with the realities of the O&L employees and lived by her personal motto “always be there for others”. She is remembered for her humility as employees fondly attest of many of her kind deeds such as sweeping the courtyard at the workers’ residence on Midgard.

A respected, generous, and caring person, she led by example and was always ready to give back to society. She did a lot for charity, especially for the Red Cross Society. Mrs. List leaves behind a legacy of giving and understanding.



**“ALWAYS BE THERE FOR OTHERS”**  
 - HILDEGARD LIST





**Sven Thieme**  
Executive Chairman



**Marco Wenk**  
MD: Broll Namibia



**Sonja Bartsch**  
MD: Eros Air



**Peter Grüttemeyer**  
Chief Executive Officer



**Günther Ling**  
(Appointed 1<sup>st</sup> August 2014)  
MD: Namibia Dairies



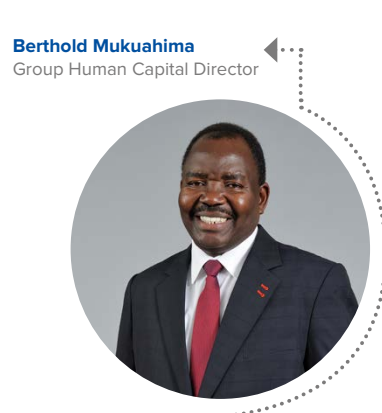
**Patricia Hoeksema**  
Group Manager:  
Corporate Relations



**Gideon Shilongo**  
Chief Corporate  
Relations Officer



**Mike Reilly**  
MD: Brandtribe



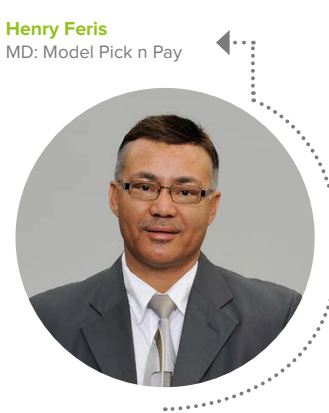
**Berthold Mukuahima**  
Group Human Capital Director



**John Fitzgerald**  
Global Marketing Director



**Herman Theron**  
MD: Hangana Seafood



**Henry Feris**  
MD: Model Pick n Pay



**Dirk van Niekerk**  
MD: Kraatz Marine



**Bernd Walbaum**  
MD: O&L Energy



**Bruce Hutchison**  
MD: O&L Leisure



**Hendrik van der Westhuizen**  
MD: Namibia Breweries



**Günther Hanke**  
Group Financial Director



**Nicola Schermer**  
(Appointed 1<sup>st</sup> March 2014)  
MD: Weathermen & Co

## EXECUTIVE CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REVIEW



Although it is a relatively small country on the global map, Namibia has been gaining respect and momentum as an emerging market since the shifting of the global balance of economic power from the developed to the developing countries. As this trend continues, it will have an increasing impact on where growth opportunities arise for companies and on where they invest in order to capitalise on these opportunities. The speed and scale of this reshaping of the world economic order is unprecedented. The Namibian economy has recovered from the global economic crisis. Growth of real gross domestic product (GDP) remained robust at 5.0% in 2012, despite the persistent global economic turbulence. It is estimated to have slowed to 4.4% in 2013 owing to the negative impacts of drought conditions, as well as a weak global demand for mineral exports.\*

Namibia is an African gem with promising growth prospects. The emergence of global value chains (GVCs) is perceived as an opportunity for Namibia, especially in view of the country's abundant natural resources. In order for the prime opportunity of these GVCs to be fully leveraged, emerging industries need to be protected and supported so that they grow into viable contributors to the Namibian economy. The Government's 'Growth at home' strategy promotes the implementation of innovative measures to enable the country to make the most of its comparative and competitive advantages.

In line with global economic expectations, the domestic economy is projected to grow by about 5% during the next two years, in the context of single-digit inflation.\* At O&L we have geared our resources to ensure that we are an integral part of this projected growth. We have used breakthrough thinking to create amazing experiences and enduring impact

for our employees, customers, consumers and stakeholders alike, as well as to carry out the sustainable execution of all our initiatives.

We are a proudly Namibian company, with our heritage deeply rooted in our beautiful country. We believe that, with our breakthrough leadership philosophy, we can use the many opportunities with which we are presented to positively contribute to the Purpose of the Ohlthaver & List (O&L) Group of Companies: 'Creating a future, enhancing life', as well as to our Vision: 'To be the most progressive and inspiring company'. In so doing, we intend to reduce our environmental impact and increase our positive social impact. These ideals are in line with our long-term approach, as well as our commitment to sustainability, and will help us to reach our 2019 Vision Metrics, and ultimately the goals of Vision 2030.

To achieve our Vision and actively live our Purpose and Values, continued investment in our long-term pillars of growth – brands, people, innovation and execution – is essential. As we look back at the year under review, we can proudly celebrate a number of highlights which, although coupled with numerous challenges, were achieved through forward and breakthrough thinking, as well as through utter perseverance. These highlights included the launch of the Strand Hotel Swakopmund development project; the start of construction of the 77 On Independence apartment and retail space development; the cooperation between Government and the private sector in the dairy industry; a number of innovations in terms of fish product-forming technology; the continued success of the recently launched non-alcoholic malt soft drink, Vigo; the successful results of our barley trials; software innovations; and being the Employer of Choice, to name but a few. We have further increased investment in our sustainability agenda with the completion and installation of a 1.1 MW on-grid solar photovoltaic (PV) rooftop plant, which is the largest roof-mounted PV solar plant in Africa. We also successfully launched our youngest innovation and addition to the O&L stable in Namibia – our advertising agency, Weathermen & Co. Furthermore, we have achieved our target of 5 000 employees, our employee engagement scores have again risen, and our commitment to building world-class

leaders has been reaffirmed with our consistent and outstanding performance in the Deloitte Best Company to Work For Survey.

Although 2015 may be as challenging as 2014 due to the continuing volatility in the external environment, we look forward to and remain committed to positioning the O&L Group of Companies accordingly. The good news is that we have no shortage of opportunities to increase our presence in the rest of Africa and beyond, position our business and Namibia as a whole for competitive growth, and extend our quality products and services into an increasing number of superior market segments. By so doing, we can achieve our financial targets, continue our quest for consistently high rankings as the Best Company to Work For, lift the O&L personification to the next level, make major progress in the digitalisation arena, and bring sustainability to the core of our business.

Every year since we adopted it, our Group Purpose: 'Creating a future, enhancing life' has become more firmly embedded in all aspects of our business. As such, driving waste and inefficiencies out of the system and helping to transform the supply chain with the support of our loyal suppliers and customers remains imperative for us in order to grow our business in a responsible and equitable way. For business to thrive in all sectors – small, medium and large – we need to continue being innovative and modernising in every aspect of our business.

In line with the O&L Brand Personification Strategy, we aim to make O&L synonymous with innovation by developing our people, brands, products and services. By advancing these growth pillars and associating them with strong social missions, our Purpose will be reflected in the communities in which we operate. This will contribute to our country's future sustainability, while simultaneously growing our business.

In achieving our Vision: 'To be the most progressive and inspiring company', we wish the entire O&L team strength, health and luck. In achieving this and other goals, we aim to take more people off the street through direct and indirect employment opportunities. As leaders, we all need to join hands and lead by

example. Exemplary leadership is the key to any success, and we need to understand that everyone is a leader; everyone matters – from the person who sweeps the floor to the person in highest authority. If we understand and commit ourselves to this notion, we can be sure of creating a bright future for Namibia that will enhance the lives of generations to come.



As a caring corporate citizen we will continue to offer our resources and expertise to help solve the challenges our country may face. Through various initiatives, be they environmental or social upliftment, we will acknowledge and celebrate the wonderful and humble contributions our fellow Namibians make, and assist in creating a sustainable future for our country and its people.

Finally, we would like to sincerely thank our phenomenal employees, shareholders, investors, customers, consumers, business partners, associates, and the Government for the remarkable contribution that you have once again made in 2014. We look forward to setting sail with you as we journey into 2015!

**Sven Thieme**

Executive Chairman

**Peter Grüttemeyer**

Chief Executive Officer

\* Statistics courtesy of the Bank of Namibia

## OPERATIONAL REVIEW

### BEER AND SOFT DRINKS

#### NAMIBIA BREWERIES LIMITED (NBL)

NBL exceeded total budgeted volumes by 3%, this was driven with a strong domestic beer sales performance, which was up 7% year on year. Despite challenging trading conditions, our other export markets (excluding South Africa) also registered a 4% volume increase in beer sales. Volumes supplied to our joint venture, DHN Drinks in South Africa, were down in line with expectations by 24% compared to the prior year.

The portfolio strategic focus for the 2014 financial year was designed to widen NBL's leadership position in all consumer segments in which we operate, thereby creating a portfolio that derives its strength from its diversity and balance. This was anchored on the following key pillars:

- Creating exceptional brand experiences through all consumer touch points;
- Cultivating powerful relationships that will deliver lasting impact;
- Meeting consumer needs through sustainable and relentless innovation; and
- Growing business by tapping into regional profit pools.

During the year under review, NBL launched a Pan-African Campaign for our premium brand, Windhoek Lager. It featured African football legend, Didier Drogba, and told the story of two Africans who have experienced similar journeys with humble beginnings. The campaign was launched in the SADC region through DStv and various local broadcasters.

Windhoek Lager and Didier Drogba both remained committed to their values and refused to take shortcuts. This dedication formed the cornerstone of their success in becoming two of Africa's world-class brands.

Drogba is now one of the most celebrated African football talents, while Windhoek Lager has just won the Deutsche Landwirtschafts-Gesellschaft (DLG) medal in Germany for the eighth consecutive year. The beer again showed that this



► African brand is indeed world class by winning a gold medal at the European Star Beer Awards in 2013.

In its effort to access alternative profit pools, NBL launched Vigo in Zambia, Botswana and South Africa in December 2013 in the off-trade channel. This secured a massive take-off for the brand among consumers, and led to an extension of the availability of Vigo in most national accounts in the four focus export countries.

#### Production highlights include:

##### Operational Performance Reviews:

- Increase in operational efficiency in packaging, from 61% to 64.6%. This equates to a direct saving in overheads, estimated at N\$5.2 million, which has been achieved by 'working smarter' despite stop-start production, and by increasing the flexibility of packaging operators.

##### Thermal Energy Savings:

- Improvement in thermal energy usage from High Performance Organisation (HPO) projects, resulting in a saving of approximately N\$1.2 million in Heavy Fuel Oil (HFO) costs.
- Reduction in boiler emissions from 5 135 kg CO<sub>2</sub>e per 1 000 hl to 4 877 kg CO<sub>2</sub>e per 1 000 hl.

##### Quality Improvements:

- Reduction in complaints ratio from 0.7 complaints per 10 million units to only 0.33 complaints per 10 million units (bottles/cans), reflecting our consumers' increasing confidence in our quality brands.

##### CO<sub>2</sub> Recovery Efficiency and Quality:

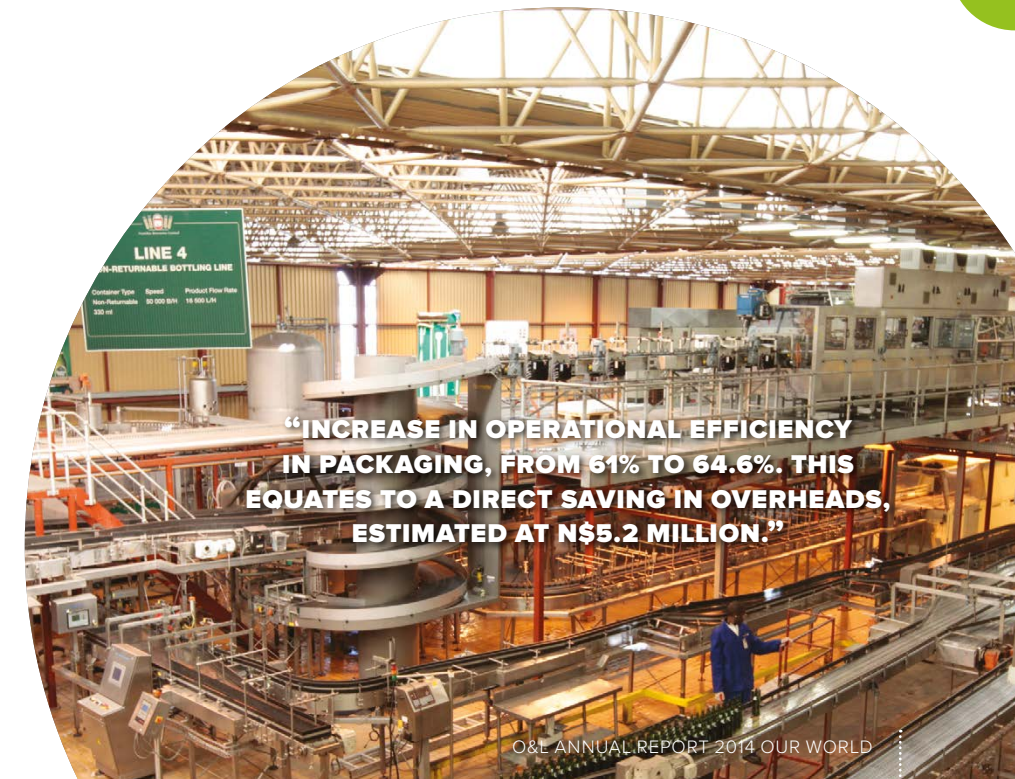
- Upgrade of our CO<sub>2</sub> recovery plant resulted in an increased purity of CO<sub>2</sub> produced from fermentation, eliminating odours from recovered CO<sub>2</sub>.
- Increased sales of CO<sub>2</sub> from 50 kg sold per 1 000 hl to 80 kg sold per 1 000 hl.

##### Project Hercules: HPO Initiatives:

- Many adjustments were made to processes within the HPO framework, resulting in diverse savings and a reduction in the usage of HFO, pallet shrink, water usage in certain areas, cleaning materials consumption, CO<sub>2</sub> usage, etc.
- Reduction of secondary packaging usage and cleaning materials triggered a significant financial impact.

##### Camelthorn Brewing

- NBL purchased the assets and brands of Camelthorn Brewing in early 2014. NBL's brewers were able to further refine and enhance the recipe of Camelthorn Weissbier, as well as improve quality control at the Camelthorn production facility.
- The Camelthorn Weissbier brand was successfully relaunched and production has been steadily increasing.



**"INCREASE IN OPERATIONAL EFFICIENCY IN PACKAGING, FROM 61% TO 64.6%. THIS EQUATES TO A DIRECT SAVING IN OVERHEADS, ESTIMATED AT N\$5.2 MILLION."**

**FRESH PRODUCE**

**NAMIBIA DAIRIES (PROPRIETARY) LIMITED**

The vision of Namibia Dairies is to be recognised as a vertically integrated, independent dairy, servicing the value chain from farm to fridge.

During the year under review, Namibia Dairies focused on five critical success factors to achieve its strategic initiatives and business goals:

- Obtain industry support from Government;
- Financial stability;
- Sustainable sources of growth;
- Service excellence; and
- Our people.

Namibia Dairies, including processed meat sales from Windhoek Schlachtereï, reported revenue of N\$496 million for the year under review, compared to N\$419 million during the 2013 financial year. The year-on-year increase in turnover of 18% is mainly due to increased local demand gained by Government's support of local industry. On 16 October 2013, the Ministry of Trade and Industry implemented quantitative measurements on milk and other dairy products imported into Namibia, in line with Government's 'Growth at home' strategy to promote both Namibian food and employment security. The restrictions on dairy imports has since been lifted. However, we remain committed to Government's 'Growth at home' strategy.

Despite increasing pressure on manufacturing costs at the dairy and meat processing plants, as well as increasing feeding costs at !Aimab Superfarm, total operations achieved an operating profit of N\$21 million in the 2014 financial year. This reflects a great financial turnaround when compared to the breakeven situation of the previous reporting period. The turnaround amounts to N\$30 million if the profit on sale of property of N\$8 million included in the previous reporting year is taken into account.

The continued success of the Nammilk and Rietfontein trademarks resulted in achieving all-time-high sales volumes for a number of our brands. Like-for-like sales in Namibia grew by 15% on the previous reporting period, driven by a strong increase in the sales of UHT milk and cultured products. Namibia Dairies performed well, in the export markets with like-

for-like sales growing by 29% mainly due to favourable market conditions in Angola.

The continued focus on the QDVP4 (Quality, Distribution, Visibility, Price, Promotion, Persuasion and Partnerships) Sales Excellence Programme ensured benefits such as high-quality sales execution, improved sales performance, improved merchandising standards and higher consumer acceptance.

The !Aimab Superfarm now houses 1 350 cows in milk. The herd comprises just over 3 000 animals and produces 65% of Namibia Dairies' raw milk requirements, which meets 50% of Namibia's fresh and UHT milk demand. During the year under review, the severe drought led to steep increases in maize and roughage prices, which resulted in a significant rise in feed costs. This in turn resulted in significantly reduced feed margins at the !Aimab Superfarm, and ultimately impacting the profitability.

All technical quality audits comprising regulatory, supplier and compliance audits were passed with flying colours. This confirms that the quality management and food-safety systems at Namibia Dairies are of a world-class standard. We have also further optimised our systems and processes to enhance effectiveness and efficiency, and will continue to drive our continuous improvement philosophy.

**WINDHOEK SCHLACHTEREI**

In its fifth year under the wing of Namibia Dairies, Windhoek Schlachtereï again showed a solid performance and is contributing positively to the operating profit of Namibia Dairies.

Like-for-like sales volumes in Namibia grew by 11% on the previous reporting period, driven by a strong increase in our proudly African and promising King polony brand.

**RETAIL**

**MODEL PICK N PAY (A DIVISION OF WUM PROPERTIES LIMITED)**

The company's continued effort to be the preferred and most trusted retail group in Namibia has resulted in outstanding performance during the period under review. Contributing to the overall success were market growth, customer loyalty/trust, and business efficiencies through effective leadership and management.

Turnover achieved by Model Pick n Pay was N\$1.4 billion, which represents a significant growth of 23% compared to the previous financial year and is outstanding considering market trends. This represents a N\$258 million growth and is also N\$94 million (or 7%) above budget. Notable is that 97% of the turnover achieved was from existing stores, with 3% by Keetmanshoop, compared to the previous financial year. The increased customer count of 11.2% and basket size growth of 12.8% are testimony to our relentless focus in areas such as shopping experience, offerings, value for money, and trust relations.

The division achieved a commendable EBIT performance of N\$44.3 million representing N\$16.1 million (or 57%) growth in EBIT compared to the previous financial year.

Apart from the turnover achieved, the business performance and profitability of the company were boosted by the following focus areas:

- Gross profits were impacted positively by the increased turnover growth and an increase in customer count and basket size;
- Shrinkage below budget by 0.09%;
- Efficiencies achieved through a focus on in-store execution and management; and
- Our joint venture with Natural Value Foods (NVF) has contributed a profit of N\$432 000 after payment of management fees, which is 91.8% higher than the previous financial year.

**FISHING**

**HANGANA SEAFOOD (PROPRIETARY) LIMITED**

Hangana continues to aim at being the most progressive and inspiring company by 2019, and to become a world-class seafood company.

The strategic areas of focus for our 2019 Vision are:

- Everyone purposefully producing best throughput everywhere;
- Amazing experiences, enduring impact; and
- Sustainable execution in everything.

The concentrated focus on these strategic areas resulted in an increase in turnover and operating profit. Turnover rose from N\$440.1 million to N\$502.1 million (14%), while operating profit increased from N\$16.6 million to N\$57.7 million (248%). Favourable factors, such as the exchange rate, higher hard currency prices, and rising demand contributed positively to the financial performance. Reduced volumes (less quota available), higher fuel expenses, higher repair and maintenance costs influenced the financial performance negatively.

Numerous initiatives were identified and implemented to mitigate various challenges throughout the year. Management successfully concluded a deal with I&J, which has and will continue to contribute to the EBIT of the company in the 2014 and 2015 financial years. The company also imported raw material from I&J, which was processed at the Hangana Seafood factory. Various initiatives aimed at reducing the negative impact of the October 2013 closure were also identified. The Nienstedt Plant produced products from frozen block that were utilised throughout October. The company also doubled its sales to the newly established USA market, with favourable margins. The Seagoing Officers restructuring was successfully concluded, with new employment contracts and commission structures coming into effect.

Token Fisheries (Proprietary) Limited successfully acquired shareholding in Hangana Seafood (Proprietary) Limited, securing additional quota for the company over the long term. Other opportunities are also being pursued.

**PROPERTIES**

**BROLL & LIST PROPERTY MANAGEMENT (NAMIBIA) (PROPRIETARY) LIMITED**  
**CENTRAL PROPERTIES (PROPRIETARY) LIMITED O&L PROPERTIES DIVISION (A DIVISION OF WUM PROPERTIES LIMITED)**  
**WERNHIL PARK (PROPRIETARY) LIMITED**

The O&L Group's Investment Portfolio has once again proven to be an exceptional performer during the period under review. Further plans to extend its flagship, Wernhil Park Shopping Centre, are under consideration. This is considered vital to further strengthen O&L's position within the CBD area and to cement Windhoek's CBD as a destination. Although year-on-year EBIT performance has reduced, this must be put into perspective with last year's changes to the valuation methods for two investment properties held for development, which ultimately resulted in significant once-off valuation gains. Overall, the strong operational performance of the properties resulted in above-budgeted numbers being achieved for the period under review.

The O&L Group's Commercial Property Portfolio managed by Broll Namibia has once again shown tremendous consistency by overachieving on its budgeted earnings before interest and tax by a staggering N\$70 million, or 40%. Strong operational performances, in particular retailer trading densities, foot traffic counts, and parking revenues have contributed to this outstanding result and have in turn contributed to above-budgeted valuation gains for the Investment Portfolio.

Our strategic focus areas have been consistent throughout the past financial years and have again been our foundation and motivation for overall growth. They include:

- Everyone purposefully producing breakthrough everywhere;
- Amazing experiences, enduring impact; and
- Sustainable execution in everything.

The overall portfolio generated revenue (excluding deferred rentals) of N\$128 million, compared to N\$116 million in the previous financial year. An EBIT of N\$245 million (2013: N\$268 million) was achieved in the period under review, which includes fair value adjustments of N\$146 million (2013: N\$173 million).

The Wernhil Park Shopping Centre, which has remained the flagship within the O&L Investment Property Portfolio, continues to show strong operational performance on all levels, including trading densities, foot traffic counts, low vacancy levels, and outstanding parking performance. Retailer demand for premises in Wernhil Park has resulted in the O&L Group considering a significant expansion to the existing footprint. This will ensure that Wernhil Park remains a strong proposition for shoppers, bearing in mind current and future retail malls entering this highly competitive market.

Wernhil Park's EBIT (including valuation gains) was 41% over the projected budgeted figure and showed an increase of 9% over the previous year's total EBIT (including valuation gains). Value growth of 12.4% was achieved compared to the previous financial year.

Anchored by Standard Bank Namibia, the Standard Bank Centre has exceeded both its anticipated EBIT and its valuation gain budget, showing a 6% increase from June 2013 on its property value. Alexander Forbes House achieved a 7% year-on-year property value increase, which is above the anticipated budget, while the EBIT numbers were slightly below budget. Although foot traffic has increased over 15% from the previous year, the retail component of Standard Bank Centre, and in particular the upper retail level, has proven to be a challenge during the period under review. Vacancies have forced the landlord to consider several options as to how to strategically reposition the upper retail level. Over and above the upgrade planned for the total retail component of Town Square, it is anticipated that some investment will be required to ensure that the optimum tenant mix is created for Town Square in the future.

Both the Old Breweries and the Fruit & Veg City/Cashbuild sites are currently being considered for development. This is based mainly on the fact that both sites are largely underutilised in their current state.

An operational EBIT just short of N\$100 million, coupled with exceptional results from a valuation gain perspective of N\$145 million, have resulted in an overall EBIT of N\$245 million. This surpasses our budgeted performance by a staggering 40%. Broll Namibia is once again extremely proud of the fact that our strong financial performance is accompanied by a strong rating in respect of the Best Company to Work For Survey – in October 2013 we were placed first overall within the O&L Group.

**ENERGY**

**O&L ENERGY**

The biggest achievement of O&L Energy in the 2014 financial year, which has been its second year of operation, is the completion of a 1.1 MW solar power plant for NBL, which is the largest roof-mounted system in Africa. The plant also offers an innovative hybrid Energy Management System, integrating and coordinating the solar plant, diesel generators, and national electricity grid.

O&L Energy set up a network of international and local suppliers and business partners, intensified its marketing activities in Namibia and South Africa, and developed various large-scale projects.

The strategic focus for O&L Energy is project development, project management, engineering, procurement and construction, as well as the business operation of:

- Large scale solar power systems;
- Large-scale solar heating systems; and
- Bioenergy plants.

O&L Energy also added Energy Management and Energy Auditing to its Service and Product Portfolio and started to implement these systems within the O&L Group. It intends to expand these services to customers outside the Group. The company also started an Energy-Saving Lights Programme for all O&L companies.

In addition, O&L Energy developed a Bush-to-Energy business, where invader bush in Namibia is harvested and offered as an energy source to industrial companies.

**ADVERTISING**

**WEATHERMEN & CO.**

As a newcomer in a rapidly developing and exciting industry, Weathermen & Co. is proving to be a serious contender in the Namibian advertising arena. Launched in February 2013, the start-up agency has some big-name clients and is growing rapidly. Creativity is, after all, not bound by numbers. It does not get better with age but is at its freshest and most explosive when the right kind of thinking is applied – and adaption is

key, especially in the ever-changing global village in which we operate.

Weathermen & Co. achievements from inception to date include:

- Successfully launching into the advertising arena of Namibia;
- Servicing a stable of strong local clients;
- Acquiring new clients, such as Team Namibia, Wernhil Park Shopping Centre, Pupkewitz Megabuild and Novel Motor Company;
- Creating multiple national TTL (through-the-line) campaigns for Smirnoff Namibia, Nammilk and Tafel Lager. These put Weathermen & Co. on the map of top-of-mind, fully fledged advertising agencies; and
- Achieving a turnover of N\$7.8 million and a positive EBIT in its first year of operation.



**“AN INSTALLATION OF 1.1MW SOLAR POWER PLANT FOR NBL, WHICH IS THE LARGEST ROOF-MOUNTED SYSTEM IN AFRICA.”**

**LEISURE**

**O&L LEISURE (PROPRIETARY) LIMITED**

The year under review saw the O&L Group bedding down the newly established Hotel Management Company within O&L Leisure (Proprietary) Limited that manages Mokuti Etosha Lodge, Midgard Country Estate, and the new Strand Hotel Swakopmund project development.

The Central Office and Hotel Management Teams are responsible for Central Operations, Marketing, Sales, Finance, HR, IT, Development, Technical Services, and Hotel Management at both Mokuti Etosha Lodge and Midgard Country Estate.

During the year under review, tasks completed by the established Management Teams included:

1. The re-positioning of Mokuti Etosha Lodge and Midgard Country Estate by practically positioning the properties to move away from being a luxury foreign brand to becoming 4-star products which truly represent both the Namibian culture and O&L's Values. O&L Leisure, along with Mokuti Etosha Lodge and Midgard Country Estate, are entities which ascribe to the following:

**VISION**

To be Namibia's most loved hotels

**MISSION**

To offer a genuine sense-of-place experience in true Namibian style while hosting all our guests with warmth and sincerity.

**OBJECTIVES**

- To be described as warm, welcoming, friendly, caring, and helpful, with underlying world-class professionalism;
  - To offer the best food in Namibia that reflects both our varied heritage and culture; and
  - To achieve a sustainable and profitable business.
2. Re-pricing of existing properties by focusing in a realistic manner on the market segments and their geographic relation to our properties, and creating appropriate product/service pricing structures that address them correctly and in a competitive manner. Once this revised pricing structure is in place, business relationships with all the important market sources will be re-established.
  3. Establishing brand definitions for O&L Leisure, Mokuti Etosha Lodge and Midgard Country Estate that correctly address their markets, truly reflect what they are, and are guided by the agreed-upon Vision, Mission and Objectives. In this process, the following were created:

O&L Leisure Hotels/Lodges, which at its core is:

- Warm hosting;
- Namibian sense-of-place; and
- Inspirational.

Mokuti Etosha Lodge, which at its core is:

- Adventurous;
- Welcoming; and
- Tranquil.

Midgard Country Estate, which at its core is:

- Peaceful;
- Intimate; and
- Exciting.

Brand expressions (logos, written descriptions, creative designs, etc.) were developed in line with the above brand definitions.

At both properties, operating manuals were created, which are still under development. These manuals give each property its correct operating standards and targeted product and service offerings, which are strategically geared to address the needs of the identified market segments, while all is guided by the Brand and overall Vision.

4. Marketing and sales has been guided by points 1-3 above, and in-depth research pertaining to all relevant source markets has been carried out, with a comprehensive marketing and sales plan having been completed that covers all marketing disciplines, including traditional marketing activities and state-of-the-art online marketing activities. The production of brand-appropriate marketing/sales collateral and a digital presence was finalised. This includes a real-time-availability online booking and secure payment platform that is seamlessly integrated with our Central Reservations System.
5. The revised concept for the Strand Hotel Swakopmund project was completed. An on brand business model, product definition, exterior and interior designs, and plans were completed. The revisions received all legislated approvals and the development, which commenced in July 2014, is expected to be completed during the first half of 2015. The hotel will feature 125 rooms and suites, three restaurants and bars, conference/banqueting facilities that will cater for up to 200 delegates, a spa, and a gym. The project is being conceived according to international 4-star standards.

With the above in place, O&L Leisure is ready to manage its own hotels as it enters the 2015 financial year.

**ENGINEERING**

**KRAATZ MARINE (PROPRIETARY) LIMITED**

The financial performance of Kraatz Marine for the period under review was below that of the previous period and below budget. Profitability was negatively affected by low activity levels during the year (only 64% of target was achieved) and in particular in the Marine & Offshore division, where only 51% of target activity levels were achieved.

Dry docking revenue remained flat due to the newer generation of offshore support vessels that are larger and cannot be dry docked on the Syncrolift. Growth in the Industrial division remained stagnant in the first half of the financial year but showed an upturn in the second half, primarily due to projects awarded by Rössing Uranium. Despite the low activity levels, Kraatz Marine continued to increase its presence both in the Marine & Offshore and Industrial & Mining industries, and will remain a key player with regards to projects and service delivery in these industries.

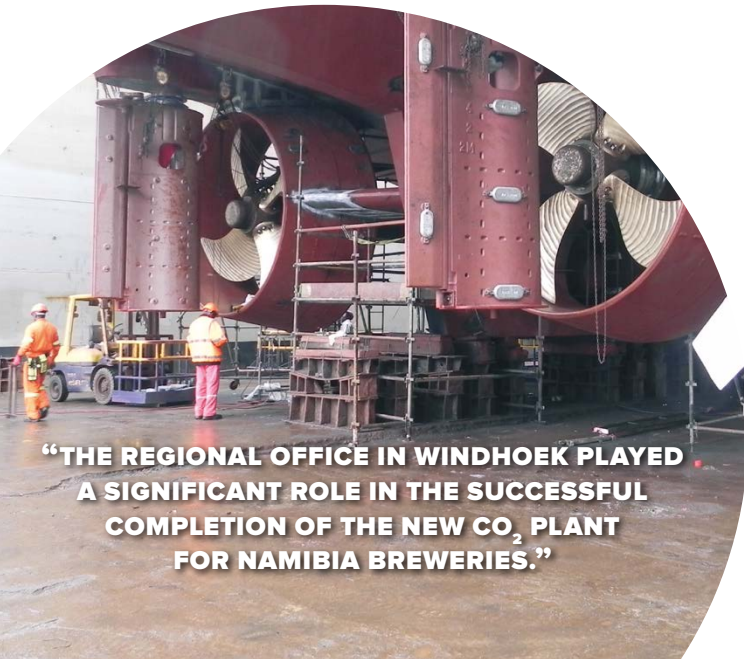
Emphasis was placed on the following strategic focus areas:

- Profitable growth;
- Floating dock access or alternative for dependency on the Syncrolift for dry docking revenue;
- Middle management leadership development; and
- Attracting key technical skills.

Revenue for the financial period under review reduced to N\$62.4 million from N\$84.2 million in 2013, while operating profit reduced to a loss of N\$2.2 million from a profit of N\$2.5 million in 2013.

Dry docking revenue remained a challenge for the Marine & Offshore division, despite the return of dry dock projects from two of our major international clients, Bourbon and Tidewater. Another mud-tank conversion project for Tidewater was successfully completed (to the value of N\$6.5 million) and in line with world-class standards, making this the third conversion project of its kind to be performed by this division. The oil exploration activities on the west coast of Namibia enabled us to participate in oil rig projects and to work on the Rowan Renaissance drill ship, which generated revenue of N\$5.1 million. This division continued to provide ship-repair services to our sister company, Hangana Seafood, which accounted for 20% of our total ship-repair revenue. In order to achieve sustainable growth in revenue, our client base was further expanded during the period under review.

The Industrial division experienced a significant increase in activity levels during the second half of the financial year and indications are good that this momentum will be maintained for the next year. A new regional office was established in Tsumeb, focusing on the mining industry (Weatherly International, B2Gold, Dundee Precious Metals, Okorusu Fluorspar, etc.) operating in the north of Namibia, with the first project for B2Gold being successfully concluded in the latter part of the financial year. The regional office in Windhoek played a



**“THE REGIONAL OFFICE IN WINDHOEK PLAYED A SIGNIFICANT ROLE IN THE SUCCESSFUL COMPLETION OF THE NEW CO<sub>2</sub> PLANT FOR NAMIBIA BREWERIES.”**

significant role in the successful completion of the new CO<sub>2</sub> plant for Namibia Breweries.

Our activity levels at Rössing Uranium increased considerably in the second half of the financial year, with the award of the tender to fabricate a new leach tank to the value of N\$10.3 million, as well as various other maintenance projects. A further milestone was achieved at Rössing Uranium with the award of our first three-year leach tank maintenance contract, with an estimated annual value of N\$10 million.

Access to the right mix of skills, on both a permanent and limited duration basis, remains a challenge which we hope to address through our Apprenticeship Programme. During the period under review, a total number of 20 Namibian Institute of Mining and Technology (NIMT) apprentices were recruited.

Capital investments amounting to N\$2 million were geared at further improving operational efficiencies and replacing outdated and ageing equipment.

Kraatz Marine is well positioned to react to emerging market opportunities in the future. Access to bigger dry dock facilities remains a key challenge, although strategies are in place to address this challenge in due course.

**ASSOCIATE AND JOINT VENTURE:  
BRANDTRIBE**

The second year of operation saw Brandtribe beginning to gain traction in the South African market.

The company focused on three key pillars during the year:

- Increase revenue (revenue increased by 75% to N\$3 million, compared to the previous year);
- Innovation (we added three critical modules); and
- Privacy issues (the Brandtribe platform is currently in line with EU standards).

In the focus area of increased revenue, Brandtribe's aim was to create a foundation for expansion within our South African market. Although we did not reach our goal, we have significantly closed the gap, and expect to reach this important milestone early in the new financial year.

Innovation is fundamental when playing in the digital space. As requested by our valued customers, three new modules were ...

added, these being pay-per-click advertising tracking, e-mail tracking, and Google analytics.

Regarding privacy issues, although the Protection of Personal Information Act (POPI) is already promulgated in South Africa it will only be implemented in 2015. Due to the lack of guidelines in South Africa, Brandtribe has benchmarked itself with EU standards.

**DIMENSION DATA NAMIBIA (PROPRIETARY) LIMITED**

During the year under review, Dimension Data delivered exceptional growth compared to the previous financial year. Managed Services and Cloud were two of the areas where growth was particularly significant. Namibia is proud to be the first African country to sell public Cloud.

Dimension Data continued to focus on the following critical success factors during the 2014 reporting period:

- To deliver world-class Enterprise Cloud Services;
- To continue to drive annuity and service-level revenue; and
- To continue to build a highly skilled workforce to strengthen our African footprint.

We have completed the following projects in Namibia:

- Supported the Electoral Commission voters registration in all 14 regions of Namibia;
- Completed the first integrated Cisco Security Project with Government; and
- Successfully completed another Datacentre build for a commercial bank in Namibia.

The Group equity accounted a profit after tax of N\$3,4 million from Dimension Data for the year under review, compared with a profit after tax of N\$1,8 million in 2013.



**“MANAGED SERVICES AND CLOUD WERE TWO OF THE AREAS WHERE GROWTH WAS PARTICULARLY SIGNIFICANT. NAMIBIA IS PROUD TO BE THE FIRST AFRICAN COUNTRY TO SELL PUBLIC CLOUD.”**

## CORPORATE GOVERNANCE REVIEW

The Directors of the O&L Group of Companies are committed to maintaining high standards of corporate governance, which they see as fundamental to discharging their stewardship responsibilities. All the Group's businesses share this commitment, and the adoption of and adherence to sound corporate governance policies have become a business imperative for the Group.

The Board strives to provide the right leadership and a strategic oversight and control environment to produce and sustain value delivery to all its shareholders. The Board continues to instil a culture of openness, accountability and integrity, which is reflected in its commitment to best practices. The Group is proud of its ethical and transparent management of the business, not only in following accepted corporate practices for risk management, but also in providing strong assurance to its shareholders and other stakeholders by living the Group's ethics.

### BOARD OF DIRECTORS

#### BOARD STRUCTURE AND COMPOSITION

During the period under review, the Board comprised four Executive Directors and eight Non-Executive Directors. The names and appointment dates of each of the Directors are set out on page 10 herein.

The role of the Chairperson and the Chief Executive Officer are separate in order to ensure a balance of power and authority, such that no one individual has unrestricted decision-making powers. The Board is responsible for the strategic direction of the Group. Matters reserved for the Board and its Committees are defined to ensure that the Directors retain full and effective control over the Group, specifically regarding strategic, financial, organisational and compliance matters. All members of the Board have a fiduciary responsibility to represent the best interests of the Group and all of its stakeholders. All Directors have the appropriate expertise to fulfil their duties and enjoy significant influence at meetings. This ensures a balance of authority and precludes any one Director from exercising unfettered decision-making.

Procedures for appointment are formal, transparent, and for the full Board's consideration. The procedures involve evaluating the existing balance of skills and experience within the Group, and include a process of assessing Group needs.

Generally, Directors have no fixed term of appointment but retire by rotation. At each of the Group's Annual General Meetings, at least one third of the Directors retire, these being the Directors who have served the longest since their last election. If they are available, they are considered for reappointment.

### RESPONSIBILITIES OF THE BOARD

The Board's role is to exercise stewardship of the Group within a framework of prudent and effective controls that enable risks to be assessed and managed. The Board sets the Group's strategic aims, reviews whether the necessary financial and human resources are in place for it to meet its objectives, and monitors management performance. The Board is kept informed about major developments affecting the Group through quarterly Business Performance reports. The Board also holds at least one strategy session each year, at which high-level strategic matters are debated.

The Board has overall authority for the conduct of the Group's business. There are also a number of matters that have been specifically reserved for the Board to decide upon, which include the following:

- Approval of financial reporting and controls, such as interim and annual results, the payment of dividends, and accounting policies;
- Monitoring the cash and capital resources, as well as the overall liquidity of the Group, and authorising any significant acquisitions, disposals of core businesses, investments, capital expenditure, or other material projects or transactions;
- Monitoring and managing the relationships between the Group and its regulators;
- Reviewing and implementing effective systems of delegation and internal control, and carrying out an annual review of the effectiveness of such systems;

- Identifying and continually reviewing key risks, as well as their mitigation by Management, against a background of economic, environmental and social issues;
- Reviewing and approving Group strategy and setting long-term objectives and/or changes in strategic direction; and
- Monitoring the overall performance of the Group in relation to its objectives, plans and targets, as well as monitoring the implementation of projects and decisions.

### BOARD MEETINGS AND ATTENDANCE

Meetings held by the Board during the financial year under review and the concomitant attendance by members was as follows:

MEMBERS	05/07/2013	24/09/2013	20/03/2014
E Ender	#	A	A
P Grüttemeyer	A	A	A
G Hanke	A	A	A
Rev. WS Hanse	A	A	A
C-L List	#	#	A
HE List	#	#	D
BHW Masche	A	R	R
Gov. LV McLeod Katjirua	A	A	A
B Mukuahima	A	A	A
HH Müseler	A	A	A
EP Shiimi	A	A	A
UM Stritter	A	A	A
S Thieme	A	A	A

A = Attended # = Apologies D = Deceased  
R = Resigned

### BUSINESS PERFORMANCE, ACCOUNTING AND AUDITING

The Group employs a comprehensive financial reporting and evaluation system, with the performance of each operating business unit being monitored against both budget and prior-period performance through regular meetings.

### BUSINESS PERFORMANCE REVIEW MEETINGS

Monthly business performance review meetings are held with each individual operation. Full, in-depth business performance review meetings are held quarterly, with shorter performance update meetings being held in the other months.

The purpose of the full business performance review meetings is to conduct an in-depth review of a specific operation's performance and progress in disciplines like finance, marketing, human capital, risk management, corporate citizenship responsibility, and IT. These meetings are attended by the Group leadership team and the senior leadership team of the individual operations. The purpose of the performance update meetings is to focus on and discuss key issues affecting the individual operations, as well as their financial results and forecasts. These meetings are attended by the Chairperson, the Managing Director and the Financial Director/Manager of the individual operations.

### GROUP OPERATIONAL MEETINGS

The purpose of these meetings is to review and evaluate the Group's performance and progress in disciplines like finance, marketing, human capital, risk management, corporate citizenship responsibility, and IT. The meetings provide a platform for identifying opportunities and synergies within the Group, and for discussing issues requiring the Group's attention. These meetings, which are held twice annually, are attended by the Group leadership team, Senior Managers from the O&L Centre, and the Managing Directors and Financial Directors/Managers of the operating companies.



**ACCOUNTING, AUDITING AND REPORTING**

The Board places strong emphasis on achieving the highest level of financial management, accounting, and reporting to stakeholders. The Directors are responsible for preparing the annual financial statements, and other information presented as part of the annual financial statements, in a manner that fairly presents the state of affairs, the results of operations, and the cash flows of the Group.

The external auditors are responsible for carrying out an independent examination of the annual financial statements in accordance with International Standards on Auditing (IASs). The external auditors also declare whether or not the annual financial statements are fairly presented, and whether or not they comply with International Financial Reporting Standards (IFRSs).

The Group's own Audit Committee evaluates the independence and effectiveness of the external auditors and considers whether any non-audit services rendered by such auditors substantially impair their independence. If this is found to be the case, appropriate corrective action is taken with regard to those services.

The Independent Auditor's Report is set out on page 56 and 57 herein. The financial statements, set out on the accompanying CD-ROM, have been prepared by Management in accordance with the IFRSs adopted by the International Accounting Standards Board (IASB), as well as interpretations issued by the IASB's International Financial Reporting Interpretations Committee. The financial statements incorporate full and reasonable disclosure and are based on appropriate accounting policies that, apart from the implementation of new and revised standards, have been consistently applied, and are supported by reasonable and prudent judgements and estimates.

**INTERNAL AUDIT AND CONTROL**

The Group's internal controls are designed and operated to support the identification, evaluation and management of risks affecting the Group, as well as the business environment in which it operates.

Internal control systems were introduced to provide Management and the Board with reasonable assurance as to the integrity and reliability of the financial statements.

Responsibility for the adequacy and operation of the systems is delegated to the Executive Directors. The records and systems are designed to safeguard assets and to prevent and detect fraud. The internal audit is an independent appraisal and assurance function that is central to the Group's governance structures. Its primary mandate is to examine and evaluate the appropriateness and effectiveness of the internal control systems applicable to the operational activities of the business units within the Group. The Group appointed the independent professional services firm, Ernst & Young, to provide an outsourced internal audit functionality.

Nothing has come to the attention of the Directors to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

**BOARD COMMITTEES**

While the Board remains accountable to the Group and is responsible for the Group's performance and affairs, it delegates to Management and Board Committees certain functions to assist it with properly discharging these duties. Appropriate structures for such delegations are in place, and are accompanied by monitoring and reporting systems.

Each Board Committee acts within agreed, written terms of reference. The Chairperson of each Board Committee delivers a report at each scheduled Board meeting, and minutes of Board Committee meetings are provided to the Board.

All Directors, as well as the Chairperson of each Board Committee in particular, are requested to attend Annual General Meetings to answer questions raised by shareholders. The various established Board Committees are set out below.

**AUDIT COMMITTEE**

During the financial year under review, the Audit Committee comprised three Directors. Two of them were Non-Executive, being Mr HH Mùseler (Chairman) and Mr EP Shiimi, while one of them was Executive, being Mr P Grüttemeyer.

The Committee's Terms of Reference are set out in an Audit Committee Charter. The Audit Committee is mandated by the Board to review the financial statements, the appropriateness of the Group's accounting and disclosure policies, compliance

with IFRSs, and the effectiveness of internal controls. In keeping with this policy, Deloitte & Touche Namibia, was appointed as the Group's external auditors, whilst Ernst & Young fulfilled the role of internal auditor, as stated previously.

Both the external and internal auditors have unrestricted access to the Audit Committee, and attend all meetings to report on their findings and to discuss matters relating to accounting; auditing; risk identification, measurement and mitigation; internal controls; and financial reporting.

The Audit Committee meets at least twice a year, preferably prior to the Board's approval of the interim results and after the annual external audit has been completed prior to the Board's approval of the annual financial statements. Meetings held during the financial year under review and attendance by Committee members were as follows:

MEMBERS	23/09/2013	20/03/2014
HH Mùseler	A	A
EP Shiimi	A	A
P Grüttemeyer	A	A

A = Attended

Appointments to the Audit Committee are made by the Board and take into account a potential candidate's education and/or business experience within the Committee's scope of activities. Members are appointed for a three-year term, with the initial term for at least one member being two years, and for at least one other member being one year.

**RISK COMMITTEE**

The purpose of the Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risks inherent in the Group's business, as well as the control processes with respect to such risks; the assessment and review of credit, market, fiduciary, liquidity, reputational, operational, fraud, strategic, technology, data-security, and business-continuity risks; and monitoring the overall risk profile, including significant risks faced by individual companies within the Group and by the Group as a whole.

Membership is made up of people in the following capacities:

- Executive Chairperson;
- Chief Executive Officer (Chairperson of the Committee);
- Group Financial Director;
- Group Human Capital Director;
- Group Risk Manager;
- Chairpersons of Operating Company Risk Committees; and
- Company Secretary.

In appointing members to the Risk Committee, a potential candidate's education and/or business experience within the Committee's scope of activities are taken into account. The Risk Committee is a sub-committee of the Audit Committee and gives feedback at Audit Committee meetings.

**REMUNERATION COMMITTEE**

This Committee consists of two Directors: Mr EP Shiimi and Mr P Grüttemeyer (CEO).

The Committee's responsibility is to review the remuneration of the Group's executive leadership, as well as performance bonuses and Directors' fees. The remuneration of senior executives is based on their performance within their area of responsibility and is calculated using key indicators of operational and financial performance, among other things. The Board's remuneration philosophy dictates that rewards to executives are balanced against the interests of the Group and its shareholders. The Remuneration Committee is also empowered by the Board to set the short- and long-term remuneration of Executive Directors. More generally, the Committee is responsible for the assessment and approval of a broad remuneration strategy for the Group, and is at liberty to solicit the assistance of outside consultants with specialised skills and expertise to formulate and maintain an equitable compensation structure.

The Remuneration Committee meets at least once a year, if necessary. There were no meetings held during the period under review.

The Board appoints the members of the Remuneration Committee, taking into consideration potential candidates' education and/or business experience within the Committee's scope of activities. Members are appointed for a three-year term, with the initial term for at least one member being two years, and for at least one other member being one year.

PROFESSIONAL ADVICE

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures, as well as applicable statutes and regulations. All Directors also have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations, thus enabling the Board to function effectively.

CONFLICTS OF INTEREST

Directors are required to inform the Board timeously of actual or potential conflicts of interest they may have in relation to particular items of the business. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

During the financial year ended 30 June 2014, none of the Directors had any interest in contracts or arrangements entered into by the Group or its subsidiaries.

CODE OF ETHICS AND BUSINESS CONDUCT

A formal Code of Ethics and Business Conduct is in place to set out standards of integrity in dealing with suppliers, customers, business partners, stakeholders, Government, and society at large. Every employee is required to subscribe to the Code, and strict adherence to it is a condition of employment.

Compliance with the Code is monitored, and employees are encouraged to report any suspected contravention of the Code or perceived unethical behaviour.

The Group also introduced a Tip-Offs Anonymous line whereby employees, suppliers and customers could anonymously report unethical activities. This line is operated by an independent company outside O&L.

SUCCESSION PLANNING

The Group benefits from an extensive pool of people with diverse experience and competence at Senior Management level. The Board is confident that it is able to identify suitable short- and long-term replacements from within the Group when the need arises.

In taking succession planning to the next level, the Group introduced a Talent on the Move Programme whereby key and critical positions are widely published. Employees are encouraged to submit their names for consideration to be developed to fill these positions once they become available. Two objectives are aimed at here: employees take charge of their own career development, and the company has a database of talented individuals in the pipeline who are ready to move into higher positions.

EFFECTIVE COMMUNICATION WITH ALL STAKEHOLDERS

Communication with all stakeholders embodies the principles of balanced reporting, comprehensibility, openness, and valuing substance over form. The Board is aware of the importance of communicating the Group's activities to stakeholders in a balanced and comprehensible manner, and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of the Group's stakeholders are addressed by communicating information as it becomes known.

GROUP RISK MANAGEMENT

The Board is ultimately responsible for managing the Group's risk and setting its risk appetite. The risk management system is designed to manage rather than eliminate the risk of failure in order to achieve business objectives. The system includes having ongoing processes in place to identify, assess, manage, monitor and report on the significant risks faced by individual companies in the Group, and by the Group as a whole.

A risk and opportunity assessment is conducted on an annual basis at respective business units to ensure that Management remains aware of these issues throughout the Group.

The assessment process identifies the critical business, operational, financial and compliance exposures facing the respective operations, as well as the adequacy and effectiveness of control factors at all levels.

Materiality levels are set for each business unit level and vary according to the nature, scope and size of the business concerned. In setting these levels, due consideration is given not only to financial impact but also to the potential threat to the integrity of the business as a going concern, its reputation, and the well-being of employees and other stakeholders.

Each operating company in the Group has its own Risk Committee that identifies major risks out of the risk assessments outlined above and ranks these in a risk matrix. The Group has a formal risk management process which is documented in the Group's Risk Management Policy. The Group risk matrix is compiled from the risk matrices of the individual operating companies.

The matrix is regularly reviewed and updated to keep track of the business risk environment.

The risk matrix is used as a tool to assist Management in recognising all material risks to which the Group is exposed and ensuring that the required risk management culture, practices, policies, resources and systems are progressively implemented and function effectively. The Risk Committees of the various operating companies report to the Group Risk Committee.

The systematic risk assessment process ensures that risks and risk controls are not only adequately identified, evaluated and managed at the appropriate level in each operating company, but also that their impact on the Group as a whole is taken into consideration.

During the reporting period, the Group adopted an Enterprise Risk Management Framework to enhance the above-mentioned process. All risk personnel within the group were also trained in this regard, and attended the ERM Roadmap training course which is approved by the Institute of Risk Management South Africa (IRMSA).

In providing assurance to the O&L Board on the effectiveness of the Risk Management Programme, Marsh Risk Services audited the Group's compliance with the Group Risk Control Standards for the fifth year in succession, i.e. including the 2014 reporting period. Their external audit is based on international best practices. The Group achieved an average compliance rate of 90% (2013: 90%; 2012: 85%; 2011: 80%; 2010: 70%).

## SUSTAINABILITY REPORT

The Group embraces its obligation as a corporate citizen towards the society within which it operates, as well as towards its shareholders, employees, stakeholders and the environment, while at the same time aims to build and sustain a corporate reputation and conditions conducive to profitable businesses. This is apparent in the Group's Purpose: 'Creating a future, enhancing life', which is inextricably linked to uplifting its communities and protecting their environments in a sustainable way.

Guided by our Purpose, the Group strives to bring life and well being to people everywhere, to improve socioeconomic quality of life everywhere, to create conditions for people to succeed everywhere, to continually innovate and operate at breakthrough levels, to build innovative and sustainable businesses, and to generate long-term profitability.

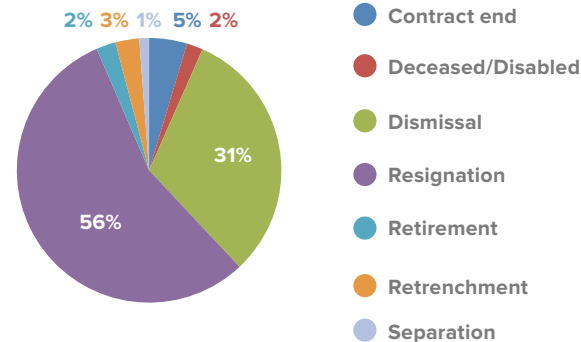
The Group has embarked on a new Sustainability Reporting format based on Global Reporting Initiative (GRI) standards. A number of dimensions have been identified that will be reported on quarterly, and action plans will be developed for continuous improvement of these dimensions. Sustainability reporting will also be subject to external auditing on an annual basis.

### HUMAN CAPITAL PERSPECTIVE EMPLOYEE TURNOVER

O&L measures and monitors employee turnover on a quarterly basis. In addition, we conduct exit interviews with all employees who leave the Group. The objective of exit interviews is to understand employees' reasons for leaving and, if possible, implement remedial measures where necessary. The table below indicates the employee turnover categories for the period under review.

The total turnover rate of the group amounts to 17.7% (16.3% during the previous financial year), based on permanent employees as at year end, which is regarded as reasonable, given the fact that the turnover rate covers various categories of termination apart from resignations, which accounted for 56% of the turnover.

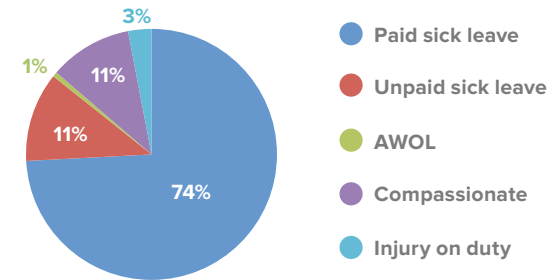
### EMPLOYEE TURNOVER - 17.7%



### ABSENTEEISM

The analysis of absenteeism data during the year under review shows an absenteeism rate of 1.95% compared to 1.90% in 2013. Although this is a slight increase from the previous year it is still below the 2% target absenteeism rate. In order to mitigate the impact of and risks associated with an increase in employee absenteeism, the Employee Wellness Programme continues to undertake various health-risk management interventions, such as health education and promotion, trauma management, case management and referrals, aftercare and reintegration services, and organisational consulting and training. These activities aim at addressing holistic employee health and wellbeing issues with the purpose of reducing employee absenteeism.

### PERSONNEL ABSENTEEISM 2013/2014



### AVERAGE MINIMUM WAGE

The Group operates in diverse sectors, and in the absence of a national minimum wage it is difficult to do a meaningful comparison at national level. At sector level, however, the O&L remuneration philosophy is to position wages at market midpoint, and the Group is confident that its average minimum remuneration is in excess of sector benchmarks.

### LEADERSHIP AND PEOPLE DEVELOPMENT LEADERSHIP DEVELOPMENT

O&L World leadership development intervention continues to grow and is seen as part of every employee's growth plan. A total of 489 employees attended O&L World during the year under review.

The Breakthrough Management Skills (BMS) and O&L Leadership Foundation Programme (LFP) leadership development programmes are experiencing growing success within the Group.

A total of 62 learners have attended the BMS training since the launch of the programme. A plan to support the achievement of our 2019 Vision has been put into place, and another 311...

managers will become breakthrough leaders through the BMS Programme within the next three years.

A total of 107 employees have graduated from the LFP to date. In the next three years, a further 324 leaders will have gained extensive leadership and management skills.

Besides the crucial people skills obtained through the training, the BMS and LFP leadership development programmes include a return on investment (ROI) project that is being tracked on a monthly basis to ensure the execution of the projects, and which will help to achieve the O&L Group targets. Approximately 78% of our leaders will have attended the two programmes by 2019.

An O&L Mentoring Programme was launched in February 2014. Pick n Pay Store Managers, TAP mentors, and the HR fraternity have already gained the mentoring skills offered by this programme. The Pick n Pay Retail Management trainees and the TAP students as protégés, are benefiting from this programme as they are ultimately mentored by their trained mentors. The potential of this programme is immense, and it is likely that it will be extended to other companies in the next few years.

**'WE GROW PEOPLE'  
UMBRELLA DEVELOPMENT INITIATIVES**

The various development activities initiated within the O&L Group have been consolidated under the so-called 'We grow people' umbrella.

Kraatz Marine takes in 12 students annually from the NIMT as job attachment trainees. The Apprenticeship Programme takes in students in the fields of boiler-making (steel fabrication), fitting and turning (machining and mechanical fitting), and welding and fabrication (welding) for a period of three years to ensure that they are ready for the national job market in their various trades as qualified artisans.

Model Pick n Pay took in 12 Retail trainees as part of their talent acquisition initiative. Eight of these are Model Pick n Pay employees (internal candidates), while four are graduates from the Polytechnic of Namibia. The programme runs over an 18-month period and combines practical and theoretical training, which takes place both in-store and in classes at the Polytechnic. After the 18-month period, the trainees are ready to take up Assistant Store Manager or Department Manager positions with Model Pick n Pay.

During the financial year under review, NBL awarded seven apprentice bursaries in the different technical fields of study: four electrical and three fitter and turning bursaries. These students are enrolled with the Namibian Institute of Mining and Technology. The aim of the technical talent pool is to ensure that we have people with technical capabilities who can deliver on our 2019 Vision and beyond. In addition to the above, NBL has also provided 10 job attachment opportunities to students studying towards obtaining their artisan qualifications.

**GENERIC TRAINING INTERVENTIONS**

A total of 3 292 employees attended various training interventions during the year under review. The most-attended training sessions were SAP Training, Personal Finance Management, Change Management, Time Management, Communication, Customer Care, and Interviewing Skills.

The total amount spent on generic training within the O&L Group was N\$8 651 965, which is 4.7% more than the previous financial year.

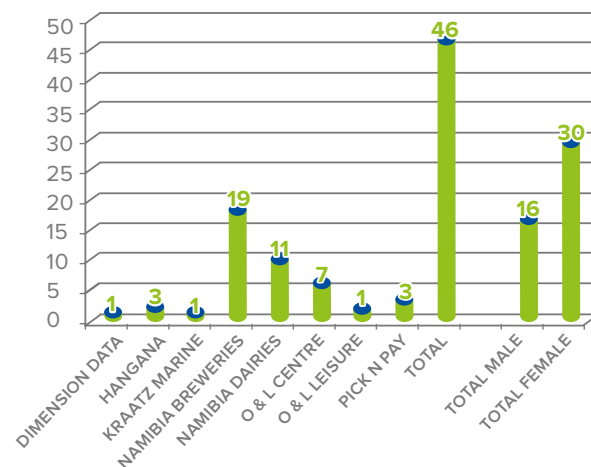
**TALENT ATTRACTION PROGRAMME**

The purpose of the Talent Attraction Programme (TAP) is to identify, attract, and retain talented Namibian graduates who display the passion and potential to develop into future leaders in the O&L Group of Companies.

Furthermore, TAP aims to provide valuable development and work experience to suitable candidates to enable them to become competent and self-driven in their careers. TAP candidates are placed on a one-year development programme under the guidance of a competent and experienced mentor in a similar career field.

Launched in 2008, TAP has thus far seen the appointment of a total of 46 Namibian graduates from various tertiary institutions within Namibia and South Africa. All the TAP candidates appointed between 2008 and the end of the 2013 financial year have been promoted to Junior and/or Middle Management positions. During the 2014 review period, another seven graduates were recruited to the TAP Programme. These graduates show promising development potential. From the total 46 TAP candidates appointed, the company managed to retain 36, which resulted in a 78% retention rate. Therefore, this initiative is a true reflection of the Group's commitment to growing and developing Namibian youth and talent.

**TOTAL TAP INTAKE PER OPERATING COMPANY**



**BEST COMPANY TO WORK FOR (BCTWF)**

In 2008, the O&L Group set a strategic objective to become the Best Company to Work For within Namibia and the SADC region by 2011. In order to achieve this goal, we participated in Deloitte's Best Company to Work For Survey on a shadow basis in 2008 and 2009.

The survey aims to identify and celebrate the best companies to work for in Namibia and across the Southern African region as rated by their most important stakeholder group, namely their employees.

Apart from the benefits of Industry, Size Category and Regional benchmarking, each participating organisation gains invaluable insights into the reported employment priorities and experiences of its employees which can serve as the basis to optimise their overall employment experience and thereby enhance the organisation's performance and status as a recognised employer of choice.

As from 2010, the Group took on the challenge of becoming an actual (no longer virtual) participant in this Best Company to Work For Survey. In 2010, the O&L Group was awarded second place overall in the Survey in southern Africa in the Large Business category, and received the Standard of Excellence seal.

O&L retained its well-deserved second place in southern Africa in the 2011 Survey despite increased competitive pressure in the SADC region. The Group was further honoured by being awarded first place overall as the Best Company to Work For in Namibia, while the organisers edified O&L further by again awarding the Group the Standard of Excellence seal.

In 2012 and 2013, the O&L Group achieved first place in the Survey in southern Africa and Namibia, and again received the Standard of Excellence seal.

**TALENT MANAGEMENT**

The O&L Group introduced the Talent on the Move Programme with the purpose of ensuring an adequate supply of people with talent and leadership skills, as well as to fast-track the talent pipeline in the Group to support the O&L 2019 Vision.

The programme aims to fulfil the succession management objectives of the Group and provide employees with opportunities to develop and advance in their careers. It also aims to develop their skills and competencies so that they can be considered for specialist, senior and higher management, and leadership positions.

The programme is in line with the O&L value: 'We grow people' because it gives individuals the opportunity to develop their talent and move upward within the Group, hence the name Talent on the Move. In close cooperation with its operating companies, the Group has as a first initiative identified key and critical positions and skills needed to achieve the companies' objectives. The second leg of this initiative is to identify and develop potential future leaders – people who are ready to take up those critical specialist, management and leadership positions within the Group as and when they arise.

With this programme, the Group endeavours to have available a pool of talented individuals who can be fast-tracked into critical succession positions. A further purpose of the programme is to afford employees who meet the requirements as prescribed in the policy document the opportunity to participate in the programme through a transparent process.

**EMPLOYEE ENGAGEMENT**

Launched in 2004, the main objective of the Mwenyopaleka Programme was to instil the Group's Purpose, Values, Vision and Mission, as well as the associated behaviours, in the hearts and minds of each employee in the Group. Over the past few years, the Mwenyopaleka Programme has allowed the Group to promote and communicate these objectives to its employees.

In 2013, the Employee Engagement Initiative was introduced as part of the communication strategy to enhance our drive on the journey towards our 2019 Vision. Employee engagement, at both the strategic and on-the-ground levels, aims to empower people and develop their personal connection to our Vision, Purpose and Values; to leverage the corporate brand to build belonging and ambassadorship; and to create a breakthrough environment for all O&L employees.

Employee Engagement is the essence of connecting with employees. It involves people in various initiatives, such as communication and leadership development, and aims to

create excellent employment experiences. To support these initiatives, the Group utilises electronic newsletters, the Touch 5 000 Campaign, value-based posters, continuous engagement sessions with all employees, Road Shows, the Value Star Programme, SMS communication, and internal publications which go to all employees to acknowledge their achievements and contributions towards the Group becoming the most progressive and inspiring company by 2019.

EMPLOYEE WELLNESS PROGRAMME

The Employee Wellness Programme was initiated with the vision of enhancing and sustaining employee wellbeing, thereby contributing to the realisation of the O&L Group Purpose: 'Creating a future, enhancing life'. The programme provides individual and organisational solutions that deal with performance- and wellbeing-related issues which stem from employees' personal or working life.

EMPLOYMENT EQUITY

The O&L Group of Companies subscribes to the principle of equal opportunities for all Namibians and gives preference to Namibian citizens when filling vacant positions across the Group. Furthermore, the Group strongly supports the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) and files the required Affirmative Action reports with the Office of the Employment Equity Commission on an annual basis.

We believe that achieving equity in the workplace is a business imperative which brings a long-term benefit to the Group.

The Group increased the number of formerly disadvantaged employees by 389 during the period under review. Of this number, 49 employees were either appointed or promoted to specialised/skilled senior supervisory, middle management or senior management positions.

The Group aims to create a feasible and flexible strategy that addresses work-related employment barriers and the expectations of employees in specific designated groups, namely racially disadvantaged people, women, and people with disabilities. At the same time, the Group recognises that there is a shortage of skilled people in Namibia. It also takes

into account the ambitions and aspirations of current and future non-designated employees.

It has been noted with concern that people with disabilities do not respond to adverts placed in the media or by other means which are intended to attract them. Addressing this issue will be a priority in the future.

In implementing its Affirmative Action Plan, the Group does not intend to unfairly discriminate against any employee who does not belong to a designated group as defined in the Affirmative Action (Employment) Act. On the contrary, the Affirmative Action Plan ensures that equity is achieved within the organisation.

The recently launched Talent on the Move Programme aims to address succession management for key positions to accelerate the development of employees who show potential in their specific fields of work and who are willing to avail themselves of the opportunity for development.

The Group recognises that some specialised, long-term roles are only available to highly competent designated individuals, therefore the Group undertakes to ensure that there is a learning path in place for its employees to be able to achieve the goal of filling these specialised roles.

The Group subscribes to the principle of informal mentoring by encouraging a process whereby potential candidates are assisted in choosing a suitable manager who will guide them on an ongoing basis regarding the complexities and uniqueness of their specific role.

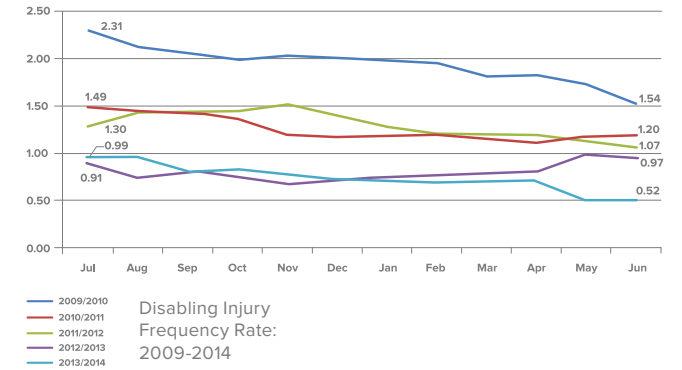
In accordance with the Affirmative Action (Employment) Act, and should the need arise, the Group facilitates the mentoring and development of every Namibian working as an understudy with a non-Namibian. The understudy employees also form part of the Talent on the Move Programme.

OCCUPATIONAL HEALTH & SAFETY

During the period under review, the Group was audited by Marsh Risk Services for the fifth year in succession in respect of the implementation of its Group Risk Control Standards. These standards are based on international best practices in the Occupational Health & Safety field. The implementation of the Group Risk Control Standards has had a very positive impact in terms of the management of Occupational Health & Safety, including the implementation of legal requirements, the investigation of incidents, and the response to corrective actions. During the annual audit, the O&L Group achieved an average compliance rate of 90% against the Group Risk Control Standards for the second successive year.

The Group launched Project Occupational Health & Safety during the 2013 reporting period. The aim of the project is to ensure that a world-class Occupational Health & Safety system is implemented within the O&L Group. During this project, focus was placed on legal compliance with the Labour Act and Occupational Health & Safety Regulations; health and safety awareness among staff; incident reporting and investigation; and implementation of corrective actions to ensure that similar incidents do not reoccur. During the current period, as part of Project Occupational Health & Safety, the O&L Group drafted and adopted a set of Health & Safety Standards, which is entirely based on the Namibian legislation and which encompasses international best practice standards on aspects not covered by the Namibian legislation. The implementation of these standards not only ensures that the Group is one hundred percent compliant with the relevant Namibian legislation, but also that the Occupational Health & Safety system is geared towards the Group's 2019 Vision.

The Group is proud to report that in its efforts to create and maintain a safe work environment, the Group's Disabling Injury Frequency Rate (DIFR, or lost-time injuries per 200 000 hours worked) has improved against the previous review period and is well below the target figure of 1.0. It is also currently at an all-time low level. Notwithstanding this achievement, the Group remains committed to maintaining the focus on Occupational Health & Safety during the 2015 financial year.



CORPORATE SOCIAL INVESTMENT PERSPECTIVE  
CREATING A FUTURE, ENHANCING LIFE

The O&L Group has a comprehensive Corporate Social Responsibility (CSR) strategy that supports our Purpose: 'Creating a future, enhancing life'. As such, we not only employ strategies that minimise the potential negative impacts that our industries may have on the environment and society, but also actively invest in our communities through an extensive Corporate Social Investment (CSI) Programme. Through our CSI Programme, we support initiatives that are sustainable in the long term, conserve our natural resources, advance communities, and engage employees, while we simultaneously build our corporate reputation and enhance relationships with our stakeholders.

We value the excellent relations we have with our CSI partners who are diverse and far reaching, as we not only support areas of particular relevance to our industries, but also those of national importance.

## EDUCATION AND HEALTH

As employment creation and education are major priorities in building a prosperous nation, and as Government cannot achieve all its development goals on its own, O&L plays a vital role in supporting the national agenda. This includes, among other things, support given to the Hifikepunye Pohamba Foundation, which provides disadvantaged children with education opportunities, as well as the Back 2 School & Stay @ School Campaign, which supports the education of children in marginalised communities. O&L also supports the Oonte OVC Organisation and the Christina Swart-Opperman AIDS Orphan Foundation Trust, which not only provides food and shelter for orphaned and vulnerable children (OVCs), but also looks after their education and developmental needs.

Caring O&L employees made 670 lovely decorated gift boxes filled with necessities, stationery and some luxury items to share the joy and happiness of Christmas with the OVCs in the Khomas and Erongo Regions. This year, we extended the campaign to include Children with Cancer in Namibia (CHICA). Every year for the past 10 years O&L has hosted a fun-filled OVC Christmas Day for approximately 250 children in Windhoek and Walvis Bay. At these events, the children are treated to a memorable day of face painting, jumping castles, slip n slides, trampolines, giant cakes, and a special gift to each child from Santa Claus, whose arrival is always the highlight of the day.

In addition to supporting education, O&L also invests not only in the health of its 5 000 employees but also in initiatives that benefit the health of the nation. These initiatives include but are not limited to cancer awareness, prevention and treatment, as well as combating the spread of HIV and AIDS. During the year under review, the O&L Group sponsored the 8th Stop Cervical, Breast and Prostate Cancer Conference in Africa, while our staff continued to support initiatives such as the Cancer Association of Namibia, the Bank Windhoek Cancer Apple Project, the Movember Testicular Cancer Campaign, and Breast Cancer Month, to name but a few.

For the fourth consecutive year, NBL supported the Heineken Africa Foundation in its sponsorship of the Mr Sister initiative. Mr Sister is a mobile clinic service administered by PharmAccess and supported by the Ministry of Health and Social Services. The initiative delivers primary health care services by means of three mobile clinics to approximately 850 people every month, in the Khomas, Omaheke and Otjozondjupa Regions.

## BROLL AND LIST PROPERTY MANAGEMENT NAMIBIA (BROLL)

In addition to supporting long-standing CSI initiatives, such as the O&L OVC's Christmas Party and the Shoebox Project which benefits OVCs, Broll expanded its focus during the year under review to support a number of green initiatives, including the Recycle Namibia Forum and the O&L Environmental Week. It also promoted green shopping, with the support of our tenants in Wernhil Park Shopping Centre and Town Square.

## HANGANA SEAFOOD

Hangana always strives to make a difference in the community within which it operates. During the year under review, the company donated fish to various social welfare organisations, such as the Swakopmund Old Age Home, Scripture Union Namibia, the Mission to Seafarers, and the Philadelphia Pentecostal Church.

Hangana supported the fundraising activities aimed at further developing the Dolphin Secondary School in Walvis Bay. The company also supported the O&L OVC's Shoebox Project, and again took the lead in organising the tenth O&L OVC Christmas Party at the coast.

## KRAATZ MARINE

Every year the Worker's Committee nominates and supports projects that uplift the lives of the people in our communities. During the year under review, Kraatz Marine again made a N\$20 000 donation towards the Workers Empowerment Fund, which ties in with the O&L Group's Purpose: 'Creating a future, enhancing life'. It also ties in with one of the O&L Values: 'Naturally today for tomorrow'. This year the fund supported an urgent appeal for donations to assist vulnerable communities affected by the ravages of poverty, drought, cold weather conditions, and the lack of nutritious food, among other things, in the north of Namibia.

## MODEL PICK N PAY

The company creates conditions for local entrepreneurs to grow their businesses through mentorship, coaching, and support to list their products. It also endeavours to support local growers to increase their delivery of locally grown fresh fruit and vegetables. Model Pick n Pay's commitment to the environment has also grown during the year under review, with the wide support of environmental initiatives. These included

the O&L Environmental Week and the Recycle Namibia Forum. Through its CSI activities, the company also enhances the lives of the communities within which it operates by supporting projects in each of the 17 towns where it has stores.

The following are some of the beneficiaries of Pick n Pay's CSI programme during the year under review:

- The Tate Kuukata Orphans and Vulnerable Children's Home, whereby the children who attend various schools in the Oshikango Region benefit from a feeding scheme.
- The Oshakati Life Change Centre that takes care of approximately 150 OVCs in Oshakati. The centre provides children with daily meals, clothing and counselling sessions.
- The Ondundu Primary School that accommodates 512 vulnerable learners in and around Tsumeb.
- The Otjiwarongo Multi-Purpose Help Centre that since 2003 has been offering a children's learning programme for about 72 OVCs, as well as home-based care, nutritional feeding programmes and counselling. The centre also supports people living with HIV and AIDS.
- The Immanuel Old Age Home that accommodates and cares for approximately 92 elderly people in Okahandja.
- The Djaupyru Siteketa Centre that cares for about 57 OVCs in Rundu.
- The Organization for the Empowerment of Widows/Widowers and Orphans of HIV and AIDS in Namibia (OEWONA) in Katima Mulilo.
- The Lutheran Old Age Project in Swakopmund that looks after orphans and the elderly.
- The Omdel Soup Kitchen in Swakopmund that supports 80 vulnerable children.
- Children with Cancer in Namibia (CHICA), the Cancer Association, and numerous children's homes in Windhoek.

## NAMIBIA DAIRIES

Namibia Dairies continued to support disadvantaged communities by sponsoring healthy Namimilk products like Oshikandela, Omaere and Oshitaka to children at the Môreson School and Dagbreek School, as well as to OVCs at the SOS Children's Village and the Hope Village.

## O&L LEISURE

O&L Leisure supported various causes during the year under review, such as the Trans-Kalahari Cycle Tour for Angels, a fund-raising effort by Huis Maerua and Welwitschia Schools, which saw about 20 adults and 20 children cycling from Buitepos to Swakopmund to raise funds for the children's home.

## NAMIBIA BREWERIES LIMITED (NBL)

### CARING FOR OUR COMMUNITY

In living our Purpose: 'Creating a future, enhancing life', NBL supports various community upliftment initiatives, such as the Oonte OVC Organisation, the Visually and Hearing Impaired Schools, and the San Community Development Initiative of the Office of the Prime Minister. Another long-standing beneficiary is the Christina Swart-Opperman AIDS Orphan Foundation Trust, which benefits approximately 3 000 OVCs throughout Namibia by providing daily meals, basic educational materials and health care.

Furthermore, NBL supports various initiatives aimed at enhancing the health of Namibians. With cancer being a disease that affects almost one in four Namibians, NBL supports the Cancer Association of Namibia's awareness raising programme to promote the early detection and treatment of cancer. Furthermore, NBL sponsors the Dr AB May Cancer Care Centre at the Windhoek Central Hospital, Namibia's only comprehensive cancer treatment facility.

In October 2013, NBL, together with the Ministry of Health and Social Services and various other development partners, launched a condom distribution project with the aim of increasing access to condoms as a means of curbing the spread of HIV and AIDS. The project sees NBL's distribution network delivering free Smile condoms to people in the most remote communities of Namibia.

PROMOTING RESPONSIBLE DRINKING

As part of the O&L Group, NBL has earned a strong reputation as a leading corporate citizen in Namibia since 1920. NBL is also known as the alcohol industry leader in promoting responsible drinking through its own self-regulatory efforts and responsible drinking campaigns, as well as through its role in engaging other stakeholders to promote only the responsible use of alcohol.

In 2007, NBL was instrumental in establishing the Self-Regulating Alcohol Industry Forum (SAIF) that today sees all the major players in the alcohol beverages industry cooperating to promote only the responsible use of alcohol. Under NBL's leadership of the SAIF, this voluntary, self-regulatory body has successfully led numerous targeted, alcohol harm-reduction initiatives. The Alcohol Traders Training Programme is considered to be the greatest success of the year under review. It provided numerous skills to the 150 shebeen owners who successfully completed the programme. With the launch in June 2014 of the Physically Active Youth (PAY) Programme to address the problem of under-age drinking, the SAIF is well on track to deliver yet another successful initiative as it strives to reduce alcohol-related harm.

NBL has also made significant investments over the years into alcohol harm-reduction programmes, such as DRINKiQ, which has already equipped 1 600 people with important facts to promote responsible use of alcohol in our society. This year, emphasis was placed on creating dialogue intended to reduce harmful drinking patterns in communities through joint initiatives with community and opinion leaders, such as the National Council of Namibia, the Women's Action for Development (WAD), and regional councillors.

Drinking and driving has also been a focus area, with the continuance of campaigns such as the Think Ahead – Don't Drink and Drive Campaign. The year also saw the continuance of cooperation between NBL and its strategic partners, such as the Namibian Police (NAMPOL), the Motor Vehicle Accident (MVA) Fund, the National Road Safety Council (NRSC), the Roads Authority (RA) and the Private Sector Road Safety Forum (PSRSF).

BUILD CAPITAL  
LOCAL PROCUREMENT

The O&L Group is committed to contributing to communities by, among other things, hiring and procuring locally wherever possible. We therefore give preference to local businesses and small- and medium-scale enterprises. During the year under review, local procurement spending constituted 49% of all spending on goods and services, compared to 42% the previous year. The majority of imported commodities comprise barley malt and hops for the Brewing industry, as well as packaging material for the Brewing and Dairies industries.

Following the successful barley trials initiated by NBL in 2010, the company and various other stakeholders are currently finalising the next steps for the establishment of large-scale barley production in Namibia. Not only will this enable NBL to procure barley locally, but will also support local socioeconomic development by establishing an entirely new industry in Namibia. The first successful barley trials, concluded in 2011, were followed up with further trials in 2012 and 2013 to establish whether brewing barley could be grown in Namibia and to examine the commercial viability of such an enterprise. The harvest from two trial locations was sent to Germany for malting, after which it was returned to Namibia and used for brewing excellent-quality beers. We are confident that numerous employment opportunities and secondary benefits will be created for Namibia if NBL, with the support of its partners, is able to stimulate a successful barley industry in this country.

ENVIRONMENTAL PERSPECTIVE

We as a Group believe that environmental stewardship is something which goes beyond environmental policies and a commitment to sustainable environmental practices. We believe that it is important to protect the environment in which we operate and to look after the natural resources of our beautiful country for the generations to come. We therefore embrace a multi-stakeholder approach in promoting sustainable environmental practices in and beyond our business. This belief is further entrenched through the O&L Value: 'Naturally today for tomorrow'.

The Group has embarked on a journey to implement a formalised Environmental Management System based on the requirements of ISO 14001. The Environmental Policy and system documentation have been completed and partially implemented to date. In order to raise awareness, an Environmental Week has been introduced during which employees are encouraged to take part in environment-friendly initiatives.

WATER AND ENERGY CONSUMPTION

The Group is aware of the impact its activities have on the environment and, in particular, how these activities contribute to climate change. In line with its Vision Metrics, energy saving targets of between 10% and 30% by 2019 have been set for the various operating companies.

Water, fuel and electricity consumption were as follows:

PRODUCT CONSUMED	2013	2014
Potable water (m <sup>3</sup> )	1 727 257	1 460 216
Diesel and petrol (l)*	10 317 666	9 276 607
Heavy fuel oil (HFO) (l)	6 291 305	4 124 272
Electricity (kWh)	64 043 158	61 200 498

\*Excludes fuel for outsourced transport

There has been a significant reduction in all energy sources and potable water consumption during the year under review compared to the previous period, mainly due to less fuel being used for fishing vessels as a result of decreased quotas and improved catch rates, a decrease in production volumes and the installation of a solar energy plant at NBL, desalinated water being used at Hanganana Seafood, and general operational energy- and water-saving measures.

Major energy-saving initiatives completed or in progress include:

- The installation in November 2013 of a 1.1 MW peak solar energy plant at NBL, which had already yielded approximately 1 million kWh by the end of the period under review;
- The replacement or retro-fitting of lighting at 10 Model Pick n Pay retail outlets with more energy efficient options;
- A wood-chip burning project for heating purposes to be commissioned at NBL; and
- A biogas plant at the !Aimab Superfarm in Mariental.

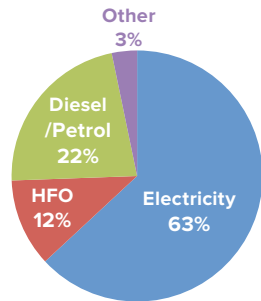
An Energy Forum has been established within the Group and a strategic plan has been developed to further curb the increase in electricity and energy consumption and costs. The plan includes:

- Heightening awareness among all employees of the need to mitigate the causes and effects of climate change;
- Shifting operational patterns to utilise the Time of Use tariff structure;
- Improving production efficiencies;
- Installing eco-friendly lighting;
- Further upgrading power factor correction units;
- Installing voltage optimisation equipment;
- Installing alternative energy sources, including solar, wind turbines and biogas;
- Upgrading and replacing outdated refrigeration systems; and
- Installing heating optimisation equipment, including heat recovery systems.

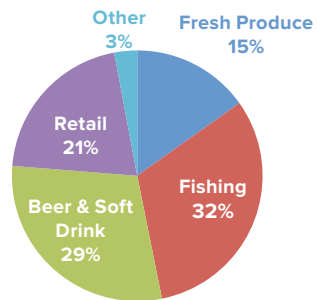
CARBON FOOTPRINT

The Group's carbon footprint is dominated by electricity consumption in its manufacturing and retail operations, heavy fuel oil (HFO) used in generating heat in the Beer and Soft Drinks and Fresh Produce sectors, and fuel consumption in the Fishing sector.

CARBON FOOTPRINT CONTRIBUTORS 2013/14



SEGMENT CONTRIBUTION TO CARBON FOOTPRINT 2013/14



The Group's total carbon footprint (Scope 1 and 2 elements of the Greenhouse Gas Protocol) is approximately 97 000 tonnes of carbon dioxide equivalent units per annum. This is approximately 10% lower than the previous year, mainly due to the significant decrease in fuel consumption in the fishing industry as a result of improved catch rates and decreased quotas, electricity savings initiatives that include the installation of a solar energy plant at NBL, and significantly less HFO consumed for heating purposes at NBL due to increased efficiencies and decreased production volumes.

The Group is confident that the water and energy consumption at most of its operations are within, and in some cases well below, industry benchmarks, and is committed to continuously strive to lower these levels.

WASTE MANAGEMENT AND RECYCLING PROGRAMMES

The Group's ongoing drive to instil a culture of recycling and environmental consciousness at the workplace ensured that the majority of solid waste at all major operating units was recycled.

Reputable waste management contractors have been appointed to handle solid waste, mostly packaging material, in the Soft Drink and Beer, Fresh Produce and Fishing sectors. Most of the solid waste, such as glass, cans, carton and plastics, are collected for recycling purposes.

Efforts have also been made to utilise organic waste. For example, spent grain at NBL is used as cattle fodder at the !Aimab Superfarm, and organic dairy waste is utilised as pig fodder. At Hangana Seafood, fish offal is processed into fishmeal.

Significant contributions are also made by the Group towards national clean-up and environmental awareness campaigns.

As a founding member of the Recycle Namibia Forum (RNF) established in 2009, NBL is involved in numerous campaigns to promote the 3 Rs – Reduce, Reuse and Recycle. During the year under review, NBL also played a significant role in the RNF study Paving the Way for Recycling in Namibia, which is funded by the Environmental Investment Fund. The Schools Recycling Competition, also an RNF-led initiative, saw participating schools collect just over 108 tons of recyclables, which consisted of 29 tons of glass, nine tons of cans, 16.5 tons of plastic, and 15 tons of paper. Our depots

also continued to support our recycling initiatives by regularly transporting recyclables from remote areas to Windhoek for recycling.

The year under review also marked the seventh consecutive year of Project Shine, another joint environmental programme initiated by NBL. This project is more than an environmental awareness initiative in that it empowers community groups to earn revenue through their voluntary clean-up work in the coastal region of Erongo.

**“THE GROUP'S TOTAL CARBON FOOTPRINT (SCOPE 1 AND 2 ELEMENTS OF THE GREENHOUSE GAS PROTOCOL) IS APPROXIMATELY 97 000 TONNES OF CARBON DIOXIDE EQUIVALENT UNITS PER ANNUM.”**



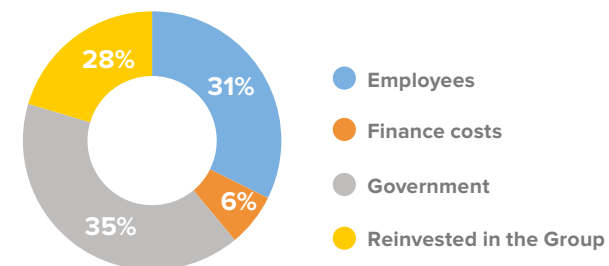


## GROUP VALUE ADDED STATEMENT

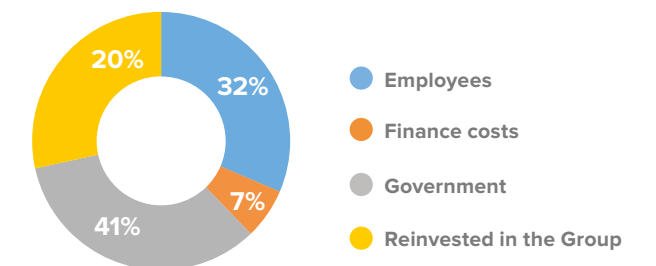
	2014 N\$'000	2013 N\$'000
<b>WEALTH CREATED</b>		
<b>Value added by operating activities</b>		
Revenue	4 928 643	4 585 661
Paid to suppliers for materials and services	(2 723 003)	(2 354 641)
	2 205 640	2 231 020
<b>Value added by investing activities</b>		
Interest income	16 809	21 609
Fair value gains on investment property	158 835	194 801
Income/(loss) from equity accounted investments	(116 489)	(295 174)
	59 155	( 78 764)
<b>Total Wealth Created</b>	2 264 795	2 152 256
<b>WEALTH DISTRIBUTED</b>		
<b>To Pay Employees</b>		
Salaries, wages, medical and other benefits	711 723	695 621
<b>To Pay Providers of Capital</b>		
Finance costs	144 249	142 985
<b>To Pay Government</b>		
Income tax	90 508	101 093
Additional amounts collected on behalf of central and local government	674 627	773 345
	765 135	874 438
<b>To be retained in the business for expansion and future wealth creation:</b>		
<b>Value reinvested</b>		
Depreciation, amortisation and impairments	187 966	168 621
Deferred tax	79 461	38 751
	267 427	207 372
<b>Value retained</b>		
Profit for the year attributable to owners of the parent	231 438	180 969
Non-controlling interest	144 823	50 871
	376 261	231 840
<b>Total Wealth Distributed</b>	2 264 795	2 152 256

	2014 N\$'000	2013 N\$'000
<b>1. Additional amounts collected on behalf of central and local government</b>		
Quota levies	5 226	6 021
Rates and taxes paid on properties	9 140	7 276
Customs and excise duties	557 749	647 262
Net Value Added Tax paid	10 051	9 951
Pay-as-you-earn tax (PAYE) deducted from remuneration paid	77 349	96 444
Non-resident shareholders' tax (NRST) deducted from dividends paid	4 826	4 752
Withholding tax on services	10 286	1 638
	674 627	773 345

WEALTH DISTRIBUTION - 2014



WEALTH DISTRIBUTION - 2013



## SEVEN-YEAR REVIEW FOR THE YEARS ENDED 30 JUNE

	2014 N\$'000	2013 N\$'000	2012 N\$'000	2011 N\$'000	2010 N\$'000	2009 N\$'000	2008 N\$'000
<b>Consolidated Statements of Comprehensive Income</b>							
Revenue	4 928 643	4 585 661	4 133 899	3 546 975	3 356 004	3 119 358	2 639 004
Operating profit after fair value adjustments and gain on biological assets and agricultural produce	790 159	788 234	628 523	594 523	360 749	332 423	315 710
Finance costs	(144 249)	(142 985)	(134 087)	(103 062)	(89 957)	(82 255)	(100 823)
Share-based payment expense	-	-	-	-	(54 949)	-	-
Equity losses from joint ventures and associates (on-going operations)	(116 489)	(107 085)	(90 515)	(69 549)	(88 046)	(38 967)	(4 437)
Equity losses from joint ventures and associates (deferred tax asset write down)	-	(188 089)	-	-	-	-	-
Income from investments	16 809	21 609	24 829	23 889	21 687	23 315	37 948
Profit before taxation	546 230	371 684	428 750	445 801	149 484	234 516	248 398
Taxation	(169 969)	(139 844)	(131 754)	(104 305)	(88 199)	(93 563)	(71 996)
Profit for the year	376 261	231 840	296 996	341 496	61 285	140 953	176 402
Other comprehensive income for the year, net of tax	151 169	59 583	134 262	128 967	34 849	23 226	144 378
Total comprehensive income for the year	527 430	291 423	431 258	470 463	96 134	164 179	320 780
<b>Profit (loss) attributable to:</b>							
Owners of the parent	231 438	180 969	144 383	192 554	(50 858)	30 874	76 917
Non-controlling interests	144 823	50 871	152 613	148 942	112 143	110 079	99 485
	376 261	231 840	296 996	341 496	61 285	140 953	176 402
<b>Total comprehensive income attributable to:</b>							
Owners of the parent	345 209	238 640	274 191	288 249	(17 461)	53 853	177 426
Non-controlling interests	182 221	52 783	157 067	182 214	113 595	110 326	143 354
	527 430	291 423	431 258	470 463	96 134	164 179	320 780

	2014 N\$'000	2013 N\$'000	2012 N\$'000	2011 N\$'000	2010 N\$'000	2009 N\$'000	2008 N\$'000
Property, plant and equipment	2 696 792	2 305 890	2 215 497	1 925 782	1 676 672	1 534 137	1 230 472
Investment property	1 429 946	1 310 316	1 109 364	980 758	376 877	230 144	284 794
Intangible assets	21 973	23 687	17 587	17 563	16 345	11 721	17 670
Deferred taxation	21 940	38 965	37 201	50 270	61 015	64 670	87 468
Non-current investments	13 511	22 265	29 364	26 928	3 968	16 257	49 851
Non-current derivative financial instruments	-	-	-	-	-	-	9 724
Non-current biological assets	33 998	33 952	33 276	30 955	34 467	32 021	23 319
Non-current trade and other receivables	47 263	47 416	42 377	45 068	28 424	27 292	27 986
Non-current related parties	1 008	-	100 605	106 352	159 519	34 521	-
Current assets	1 166 259	1 226 587	1 095 102	937 363	903 807	990 998	882 385
Non-current assets classified as held for sale	6 375	17 479	23 934	5 796	4 529	4 505	-
<b>Total assets</b>	<b>5 439 065</b>	<b>5 026 557</b>	<b>4 704 307</b>	<b>4 126 835</b>	<b>3 265 623</b>	<b>2 946 266</b>	<b>2 613 669</b>
Equity attributable to owners of the parent	2 029 247	1 683 570	1 444 949	1 183 477	801 586	764 070	713 952
Non-controlling interests	806 271	715 908	746 314	655 256	541 201	493 478	440 511
Deferred taxation	385 732	294 562	252 747	236 695	299 032	280 069	252 037
Non-current interest-bearing borrowings	1 012 978	1 003 983	1 306 622	1 073 684	669 860	423 245	444 223
Deferred income	4 900	-	-	-	135	18 076	993
Non-current provisions	43 280	41 584	37 397	32 052	31 703	30 963	12 266
Non-current trade and other payables	3 362	3 449	2 825	2 495	2 110	-	-
Non-current derivative financial instruments	-	-	2 555	1 158	-	-	-
Non-current related parties	10 636	12 506	14 149	9 139	-	43 789	44 496
Current liabilities	1 142 659	1 270 995	896 749	932 879	919 996	892 576	705 191
<b>Total equity and liabilities</b>	<b>5 439 065</b>	<b>5 026 557</b>	<b>4 704 307</b>	<b>4 126 835</b>	<b>3 265 623</b>	<b>2 946 266</b>	<b>2 613 669</b>

## FINANCIAL REVIEW



As the global economic crisis fades into history, the Namibian economy has nonetheless achieved an estimated growth of 4.4% during 2013. On the back of this growth the Group delivered solid growth for the 12 months ended 30 June 2014, in turn with some businesses performing better than others. During the year, we saw excellent performances from our Property portfolio, Model Pick n Pay, Namibia Dairies and Hangana Seafood, especially when comparing to the prior year's performance.

The information below should be read in conjunction with the annual financial statements for the year ended 30 June 2014, as set out on the accompanying CD.

### GROUP OPERATING PERFORMANCE

#### Salient features

The salient features for the year under review are as follows:

	% Increase	2014 N\$ '000	2013 N\$ '000
Revenue	+7.5%	4,928,643	4,585,661
Operating profit	+6.3%	631,315	593,949
Fair value adjustments	-18.2%	158,844	194,285
<b>Operating profit after fair value adjustments</b>	<b>+0.2%</b>	<b>790,159</b>	<b>788,234</b>
Equity losses from joint ventures and associates (on-going operations)	+8.8%	(116,489)	(107,085)
Equity losses from joint ventures and associates (deferred tax asset write down)	+100.0%	-	(188,089)
Net finance costs	+5.0%	(127,440)	(121,376)
Profit before taxation	+47.0%	546,230	371,684
Taxation	+21.5%	(169,969)	(139,844)
<b>Profit for the year</b>	<b>+62.3%</b>	<b>376,261</b>	<b>231,840</b>

### REVENUE

Group revenue increased by 7.5% compared with the previous year. This is mainly attributable to revenue growth for Model Pick n Pay (23,1%), Hangana Seafood (14,1%) and Namibia Dairies (18,6%).

### OPERATING PROFIT AND FAIR VALUE ADJUSTMENTS

Operating profit increased by 6,3% compared to prior year. The reduction in fair value adjustments by 18,2% reflects a normalisation compared to the prior year. The 2013 year included some once-off fair value gains that arose as the valuation for some properties were changed in applying the 'highest and best use' principle.

Growth in revenues and operating profit was supported by the retail, property, fishing and fresh produce business segments. The strong growth in these segments offset the impact from the reduced revenues and profitability from our beer and soft drinks division.

Retail delivered an excellent performance during the year under review, contributing N\$44 million to operating profit in 2014, compared with N\$28 million for 2013. The surge can be ascribed to both a gain in market share, as reflected in the 23% increase in turnover compared with the previous reporting period and improved margins, in part driven by reduced shrinkage.

The Property division contributed N\$99 million (2013: N\$95 million) to operating profit before fair value adjustments during the 2014 financial year. Our flagship property Wernhil Park, delivered a strong operational performance on all levels, including trading densities, foot traffic counts, low vacancy levels, and outstanding parking performance.

Our Fishing division contributed a remarkable N\$58 million to operating profit in the year under review, compared to N\$17 million in the previous year. Favourable factors, such as the exchange rate, higher hard currency prices, and rising demand positively influenced the financial performance compared to prior year.

The Fresh produce division encompasses Namibia Dairies and Windhoek Schlachtereij. Divisional revenue grew to N\$496 million, an increase of 18% (N\$77 million) for the year under review. With the increase in revenues and volumes sold, Namibia Dairies has delivered a solid operating profit of N\$21 million versus N\$8 million of the previous year.

The reduced revenues and profitability of our Beer and soft drinks division, whilst disappointing, is in line with strategy and expectations. During the year there was an agreed reduction in volumes packaged and supplied to the South African market as the Sedibeng Brewery has incrementally increased volumes towards its design capacity. Revenues declined by N\$66 million to N\$2 317 million and operating profit declined by N\$49 million to N\$451 million during the year under review.

Kraatz Marine and O&L Leisure delivered revenues and operating margins that were materially similar to the prior year. Kraatz Marine's operating profit was negatively affected by low activity levels, especially during the first half of the year under review. Despite the lower activity levels, Kraatz Marine continued to increase its presence both in the Marine & Offshore and Industrial & Mining industries. The Leisure portfolio increased revenue by N\$8 million to N\$47 million from prior year. It is clear that the establishment of O&L Leisure as a Hotel Management Company in 2013 is contributing greatly in turning around the profitability of the Leisure portfolio.

### SHARE OF PROFITS AND LOSSES FROM ASSOCIATE AND JOINT VENTURES

The Group equity accounted a profit of N\$3,4 million (2013: N\$1,8 million) from Dimension Data Namibia. The Group also equity accounted a loss of N\$120,3 million (2013: N\$226,7 million) from DHN Drinks (Proprietary) Limited. The significant loss in the prior year was driven by the de-recognition of N\$760 million of its N\$1,1 billion deferred tax asset due to uncertainty of the recovery thereof. This in turn impacted the net asset value of the joint venture and consequently the Group's equity accounted loss.

### FINANCE COSTS

The net finance cost of N\$127,4 million for the year under review represents an increase of N\$6,0 million from the previous period. The increase in interest-bearing borrowings was driven by further investments in operations.

### PROFIT BEFORE TAXATION

The Group saw a N\$174.4 million (47,0%) increase in profit before taxation, from N\$371,6 million in the 2013 financial year to N\$546,2 million for the 2014 period.

### TAXATION

The 2014 financial year's taxation charge amounted to N\$170,0 million (2013: N\$139,8 million), while the effective taxation rate was 31,1% (2013: 37,6%). The decrease in the effective taxation rate is mainly attributable to the lower share of losses in joint ventures in 2014 compared to 2013. Although these are after-taxation losses, they are included in the calculation of the effective taxation rate.

### STATEMENT OF FINANCIAL POSITION

Total assets grew by N\$412,5 million, namely from N\$5 026,6 million in the 2013 financial year to N\$5 439,0 million in the year under review.

Property, plant and equipment increased by N\$390,9 million, up from N\$2 305,9 million in 2013 to N\$2 696,8 million for the current financial year. Capital additions overall amounted to N\$380,2 million for the 2014 financial year (2013: N\$219,7 million), which largely constituted the capital additions for Namibia Breweries, which alone amounted to N\$184,1 million (2013: N\$137,6 million). The significant additions include a new solar plant, an upgrade to the carbon dioxide plant, a can depalletiser and conveyor, brew house capacity increase, crates and coolers. Other significant contributors were Model Pick n Pay, which invested N\$37,7 million during the year under review. This included the refurbishment of the Wernhil Park

shop, additions for new stores that were opened in Tsumeb and Okongo, energy saving lights for all stores and offices as well as a new POS system. Revaluations of freehold land and buildings done by independent, suitably qualified valuers resulted in revaluation gains of N\$180,0 million for the Group overall.

The 2014 financial year saw Investment property increase by N\$119,6 million, from N\$1 310,3 million in 2013 to N\$1 429,9 million for the 2014 financial year. The increase is principally a result of fair value gains of N\$158,8million on the revaluation of investment property, and a further investment of N\$4,4 million. Property to the value of N\$37,5 million was reclassified to property, plant and equipment.

The Related party receivable balances increased by N\$49,6 million from the previous reporting year. The increase can be mainly ascribed to an advance of N\$56,4 million to DHN Drinks (Proprietary) Limited, which brought the 2013 total of N\$90,6 million to N\$147,0 million for the 2014 financial year.

The 2014 reporting period total of N\$382,9 million for Inventories represents a decrease of N\$45,4 million in comparison with the 2013 financial year. Namibia Breweries inventory decreased by N\$76,3 million from 2013, which relates mainly to lower stocks of raw materials and finished products, while Namibia Dairies' inventory increased by N\$8,9 million and Model Pick n Pay's by N\$14,3 million due to respectively higher stocks of consumables and merchandise.

Total Interest-bearing borrowings decreased by N\$93,4 million from the 2013 financial year to N\$1 382,2 million in the 2014 reporting period. This decrease can mainly be attributed to an overall repayment of borrowings timed towards the end of the financial year.

CASH FLOW

Cash flow from operating activities increased from N\$500,5 million in the 2013 financial year to N\$575,5 million in 2014.

The net cash spent in investing activities decreased from N\$460,6 million in the previous (restated) reporting period to N\$450,3 million for the year under review. The overall decrease is a result of lower equity injections made into joint ventures while higher acquisitions of property, plant and equipment were made in the year under review.

► Cash and cash equivalents amounted to N\$182,4 million for the reporting period (2013: N\$290,4 million).

DIVIDENDS

The Company declared a dividend of 68c per share on 25 September 2014 (2013: 68c) in respect of the year ended 30 June 2014.



**Günther Hanke**  
Group Financial Director



**“THE GROUP SAW A N\$174.4 MILLION (47%) INCREASE IN PROFIT BEFORE TAXATION, FROM N\$371,6 MILLION IN THE 2013 FINANCIAL YEAR TO N\$546,2 MILLION FOR THE 2014 PERIOD.”**

## APPROVAL OF FINANCIAL STATEMENTS

### RESPONSIBILITY OF DIRECTORS

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements of Ohlthaver & List Finance and Trading Corporation Limited and its subsidiaries, and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The Group's independent external auditors, Deloitte & Touche, have audited the financial statements, and their report appears on page 56 and 57 herein.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements; to adequately safeguard, verify and maintain the accountability of assets; and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review. The annual financial statements are prepared on a going-concern basis. Nothing has come to the attention of the Directors to indicate that the Company and the Group will not remain a going concern for the foreseeable future.

These financial statements were approved by the Board of Directors on 25 September 2014 and signed on its behalf by:



**Sven Thieme**

Executive Chairman



**Peter Grüttemeyer**

Chief Executive Officer



**“NAMIBIA DAIRIES PERFORMED WELL, IN THE EXPORT MARKETS WITH LIKE-FOR-LIKE SALES GROWING BY 29% MAINLY DUE TO FAVOURABLE MARKET CONDITIONS IN ANGOLA.”**

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED

We have audited the consolidated and separate financial statements of Ohlthaver & List Finance and Trading Corporation Limited, set out on the accompanying CD-ROM, and the Directors' Report on page 58, which comprise the statements of financial position as at 30 June 2014, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, and notes which comprise a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The company's Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ohlthaver & List Finance and Trading Corporation Limited as at 30 June 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.



DELOITTE & TOUCHE  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per J Kock  
Partner  
Windhoek, 25 September 2014

Deloitte Building, Maerua Mall Complex  
PO Box 47  
Jan Jonker Road  
Windhoek, Namibia  
ICAN practice number: 9407  
Regional Executives: LL Bam (Chief Executive), A Swiegers (Chief Operating Officer), GM Pinnock.  
Resident Partners: E Tjipuka (Managing Partner), RH McDonald, J Kock, H de Bruin, J Cronjé, A Akayombokwa,  
Director: G Brand

## REPORT OF THE DIRECTORS

### NATURE OF BUSINESS

The Group is engaged in diversified business activities. Details of the Group's activities are set out on the inside cover of this report.

### FINANCIAL RESULTS

The consolidated profit attributable to owners of the parent for the year ended 30 June 2014 was N\$231,4 million (2013: N\$181,0 million). The results of the Company and the Group are fully set out on the accompanying CD-ROM.

### DIVIDENDS

An ordinary dividend of 68c per share was declared in respect of the year under review (2013: 68c per share).

### CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment during the year amounted to N\$380,3 million (2013: N\$219,7 million), of which N\$ 348,0 million (2013: N\$208,4 million) was in respect of plant, equipment and operating assets, and N\$ 32,3 million (2013: N\$11,3 million) for land and buildings. Capital expenditure on investment property of N\$ 4,4 million (2013: N\$11,0 million) was incurred during the year under review.

### SHARE CAPITAL

There were no changes in the Company's authorised or issued share capital during the year under review. Full details of the Company's authorised and issued share capital at 30 June 2014 are set out in Note 18 to the financial statements.

### DIRECTORATE AND SECRETARY

The names of the Directors, as well as the name and the address of the Company's Secretary, appear on page 10 and 11.

### HOLDING COMPANY

The Company's immediate holding company is Ohlthaver & List Holdings (Proprietary) Limited. List Trust Company (Proprietary) Limited is the holding company of Ohlthaver & List Holdings (Proprietary) Limited, while The Werner List Trust is the majority shareholder of List Trust Company (Proprietary) Limited.

### SUBSIDIARIES

Details of the Company's investment in subsidiaries are set out in Note 6 of the annual financial statements.

### GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### SUBSEQUENT EVENTS

No events have occurred between the reporting date and the date of this report which are material in their effect on the affairs of the Group.

## GROUP REFERENCE INFORMATION

### OHLTHAVER & LIST CENTRE

PO Box 16, Windhoek  
Tel: 061 - 207 5111  
Fax: 061 - 234 021  
www.ohlthaverlist.com

### NAMIBIA BREWERIES LIMITED

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 66th Annual General Meeting of the shareholders of the Company will be held in the Werner List Boardroom, Ohlthaver & List Centre, Windhoek, on Friday, 5 December 2014 at 08h30 for the following purposes:

1. To receive and consider and, if approved, adopt the Annual Financial Statements and the Report of the Auditors for the year ended 30 June 2014 as submitted, and to confirm all matters and things undertaken and discharged by the Directors on behalf of the Company;
2. To elect Directors in the place of Messrs C-L List, B Mukuahima, W Hanse, who retire by rotation in accordance with the Company's Articles of Association but, being eligible, offer themselves for re-election;
3. To confirm the appointment of Directors since the previous Annual General Meeting;
4. To approve the Directors' remuneration as set out in the financial report;
5. To authorise the Directors to determine the auditor's remuneration;
6. To place the unissued 6 507 083 ordinary shares of 50c each in the Company under the control of the Directors, who shall be authorised to allot all or any of those shares at their discretion, on such terms and conditions and at such times as they may deem fit; and
7. To approve the Special Resolution to amend the Company's Articles of Association with regard to rotation of Directors, Executive or Whole-Time Service Directors and resolutions in writing.

Resolved that, as a Special Resolution in terms of Section 67 of the Companies Act, the Articles of Association of the Company be and are hereby amended by:

- **Rotation of Directors**  
Deleting the Articles numbered 108 to 110 in their entirety and replacing them with the following Articles:

108. (a) At each Annual General Meeting, one third (1/3) of the Directors (excluding an Executive Director while holding office in terms of a contract) shall retire from office. If the number is not a multiple of three (3), then the number nearest to but not greater than one-third (1/3) shall retire from office.  
(b) The Directors to retire at each Annual General Meeting shall be those, being subject to retirement by rotation, who have been longest in office, but as between Directors of equal seniority those to retire shall, in the absence of agreement among themselves, be determined by lot.  
(c) Notwithstanding any other provisions of this Article, if at the date of any Annual General Meeting any Director (other than an Executive Director holding office in terms of a contract) who has been in office for at least three (3) years, shall retire at that meeting.
- 109 (a) At any Annual General Meeting at which a Director is required to retire, he/she shall continue to be a Director until the election of Directors at that meeting is concluded. The length of time a Director has been in office shall be reckoned from his/her last election or appointment.  
(b) Each retiring Director shall be eligible for re-election, up to a maximum of three (3) years, following which the Trustees of the Werner List Trust will make an assessment as to whether such Directors are eligible for further re-election.
- 110 (a) If, at an Annual General Meeting at which a Director retires, another Director is not elected in his/her place, then the retiring Director, if that person has offered him/herself for re-election, shall be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill that vacated office, or a resolution for the re-election of that Director is put to the meeting and is lost.

- **Executive or Whole-Time Service Directors**

Amending Article 122 (a) as follows:

By deleting the wording "but which shall not exceed a period of five (5) years" in the paragraph after subsection (iii), before clause (b) on page 71 of the Articles.

- **Resolutions in Writing**

By amending Article 138 (a) as follows:

By deleting sub-clause (a) (i) in its entirety and replacing it with the following wording:

"(i) A resolution in writing signed by all the Directors; and"

8. To transact any other business as may be transacted at an Annual General Meeting.

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not also be a member of the Company. In order to be effective, proxy forms should be forwarded to reach the registered office of the Company by no later than 08h30 on Wednesday, 3 December 2014.

By order of the Board  
Ohlthaver & List Centre (Pty) Ltd  
Company Secretary  
Windhoek, 25 September 2014





PROXY FORM

for the 66th Annual General Meeting of

OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED

Registration Number: 331

The Secretary  
Ohlthaver & List Finance and Trading Corporation Limited  
PO Box 16  
Windhoek  
Namibia

I/We ..... (name in full)  
of .....  
..... (address)  
being a shareholder of ..... (number of shares) of the  
abovementioned Company hereby appoint

..... (name)  
or failing him/her

..... (name)  
or failing him/her

..... (name)  
or failing him/her, the Chairperson of the meeting as my/our proxy  
to vote for me/us on my/our behalf at the 66th Annual General  
Meeting of the Company to be held in the Werner List Boardroom,  
Ohlthaver & List Centre, 7th floor – South Block, Alexander Forbes  
House, 23-33 Fidel Castro Street, Windhoek, on Friday, 5 December  
2014 at 08h30 and at any adjournment thereof, in particular to vote  
for/against/abstain from\* the resolutions contained in the notice of  
the meeting.

I/We desire to vote as follows:	For	Against	Abstain
1. Adoption of the Annual Financial Statements			
2. Re-election of retiring Directors:			
C-L List			
B Mukuahima			
W Hanse			
3. Confirmation of Directors' appointments since previous Annual General Meeting			
4. Directors' remuneration			
5. Auditors' remuneration			
6. General authority to the Directors to allot and issue shares			
7. Amendment of Articles of Association			

\* Please indicate your response by inserting an "X" in the appropriate block to either vote "for/against/abstain from". If no indication is given, the proxy may vote as he/she thinks fit.

Signed ..... at ..... this ..... day

of ..... 2014.

Signature(s) of shareholder(s) .....

**Notes to the Proxy**

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak, and vote on a poll in his/her stead.

2. Shareholders who wish to appoint proxies must lodge their proxy forms at the registered office of the Company by no later than 08h30 on Wednesday, 3 December 2014.

3. In respect of shareholders that are companies, an extract of the relevant resolution of Directors must be attached to the proxy form.



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