Ohlthaver&List
GROUP
SINCE 1919

ANNUAL REPORT 2012

OUR **GROUP PORTFOLIO**

BROLL NAMIBIA

Managed by Broll and List Property Management Namibia (Proprietary) Limited, a strategic partnership between the O&L Group and the Broll Property Group of South Africa that was established in 2002, O&L's Property portfolio provides mainly prime retail and office space. The Property portfolio now exceeds the N$1 billion value mark and includes the Wernhil Park Shopping Centre, the Standard Bank Centre, Alexander Forbes House, Fruit & Veg City/Cashbuild and the Old Breweries Building, all in Windhoek, as well as the Seagulls Mall in Walvis Bay.

NAMIBIA **BREWERIES**

Established in 1920, Namibia Breweries Limited 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 South Africa. Namibia Breweries' total exports account for more than half of total production output. Brewed by choice according to the Reinheitsgebot of 1516, Namibia Breweries' beer enjoys the reputation of quality and purity for which the brands have earned international recognition.

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, Japan, the Netherlands, Spain, the United Kingdom, the United States and the Southern African Development Community (SADC) Region.

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 32 million litres. The company is the country's market leader, with significant market share in all its product categories. Namibia Dairies also operates one of the most modern dairy farms in the world - the !Aimab Superfarm, which is located in Mariental, in southern Namibia.

MODEL **PICK** N **PAY**

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 entered into and the first Model Pick n Pay Supermarket was inaugurated on 28 August 1997. Since then, Model Pick n Pay has embarked on a strategy to extend its network of franchise stores throughout Namibia and has grown the network to 16 stores countrywide.

O&L **LEISURE**

The O&L Leisure portfolio currently comprises two properties: Mokuti Lodge and Midgard Country Estate. Mokuti Lodge is situated at the eastern gate to the Etosha National Park. The Lodge combines unique African charm with international standards of luxury. The Midgard Country Estate is located an hour-and-a-half's drive from Windhoek in the unspoiled splendour of the Otjihavera Mountains. It is the preferred destination for families and the business conference segment. Future projects include the re-establishment of the Strand Hotel in Swakopmund.

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.

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. In this time it has grown considerably 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.

KRAATZ STEEL

Kraatz Steel (Proprietary) Limited has been engaged in industrial steel supplies in Namibia since 1995, operating from Walvis Bay. Kraatz Steel 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.

WINDHOEK SCHLACHTEREI

Windhoek Schlachterei (Proprietary) Limited, 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, and has a local market share of over 35%. Windhoek Schlachterei 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 become a sustainable operation.

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.

O&L CENTRE

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

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OUR **PURPOSE**
Creating a future, enhancing life.

OUR 2017 **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.

DIRECTORATE AND ADMINISTRATION

EXECUTIVE DIRECTORS

S Thieme
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

NON-EXECUTIVE DIRECTORS

A Mushimba
Appointed to the Board in 2002
Resigned on 27 March 2012

UM Stritter
Vice-chairman
Appointed to the Board in 1994
Elected Vice-chairman on 17 April 2002

TZM Hijarunguru
Appointed to the Board in 2002
Resigned on 27 March 2012

C-L List
Appointed to the Board in 1980

HE List (Mrs)
Appointed to the Board in 1980

BHW Masche
Appointed to the Board in 1980

EP Shiimi
Appointed to the Board on 1 August 2007

E Ender*
Appointed to the Board on 23 June 2008

HH Müseler
Alternate Director to HE List
Appointed to the Board on 26 March 2009

Governor LV McLeod-Katjirua
Appointed to the Board on 27 March 2012

Reverend WS Hanse
Appointed to the Board on 27 March 2012

BOARD COMMITTEES

Audit Committee
TZM Hijarunguru (Resigned on 27 March 2012)
HH Müseler, Chairman (Appointed on 27 March 2012)
EP Shiimi

Remuneration Committee
A Mushimba (Resigned on 27 March 2012)
EP Shiimi, Chairman (Appointed on 27 March 2012)
P Grüttemeyer

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

* German

GROUP EXECUTIVE TEAM

Berthold Mukuahima
Group Human Capital Director

Bernd Walbaum
MD: O&L Energy

Gunther Hanke
Group Financial Director

Gideon Shilongo
Group Manager: Corporate Relations

Henry Feris
MD: Model Pick n Pay

Sonja Bartsch
MD: Eros Air & Kraatz Steel

Peter Grüttemeyer
Chief Executive Officer

Sven Thieme
Executive Chairman

Hubertus Hamm
MD: Namibia Dairies

Herman Theron
MD: Hangana Seafood

Marco Wenk
MD: Broll Namibia

Mike Reilly
MD: Brand Tribe

Dirk van Niekerk
MD: Kraatz Marine

Shepherd Chinhoi
GM Operations: O&L Leisure

Hendrik van der Westhuizen
MD: Namibia Breweries

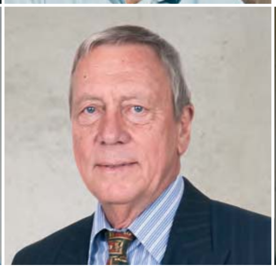
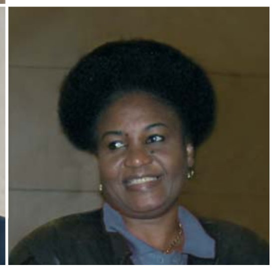
John Fitzgerald
Global Marketing Director

NON-EXECUTIVE DIRECTORS







UM Stritter	**EP Shiimi**	**CL List**	**E Ender**	
HH Müseler (alt to HE List)	**HE List**	**Rev. WS Hanse**	**BHW Masche**	**Gov. LV McLeod-Katjirua**

EXECUTIVE CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REVIEW

The year 2012 was one characterised by slow economic growth and increased regulatory complexities. In spite of this challenging environment, the O&L Group remained optimistic in our strategies for growth and achieved record results - thanks to the strength of our leadership team and the commitment of our employees.

THE GLOBAL ECONOMIC ENVIRONMENT

The negative impact of the global economic situation is still being felt on export-oriented commodity prices, especially from smaller economies such as Namibia, which mainly trade with Europe and the Americas. The oil price instability as well as the Greek financial bailout are some of the global economic challenges that have unfortunately impacted negatively on trade worldwide. The European economic crisis has weakened the Euro against the South Africa Rand and, thus, is impacting our ability to export our fish profitably to the Eurozone countries. Performance from our fishing sector has felt the pressure due to the economic situation in countries like Spain, a principal consumer of our fish.

We have also seen declining tourist arrivals and increased booking cancellations due to potential visitors cutting down on travel as a result of the global economic uncertainty. The travel and tourism industry has experienced contraction over the past three years, and a further decline is projected for the near future. This global economic slow-down also led to a reduction in demand for export commodities, creating serious challenges for business sustainability, particularly those operations that are mainly export-oriented. Should the global economy not grow at appropriate levels, our efforts geared at job creation and poverty alleviation would be seriously affected.

OUR GROUP PURPOSE

Our Purpose statement *"Creating a future, enhancing life"* has become an integral part of our employees' working life across the entire O&L Group. It is most rewarding to see and hear how our people have embraced this: they not only live up to the Purpose in their work environment, but have also made it their personal business purpose, as well as the business of their families and friends. Many organisations know what they do and how they do it, but few of them actually know why they do what they do. Thus, our Purpose explains the reason why we do what we do. It is further supported by our Vision - which is to be the most progressive and inspiring company.

Our Purpose statement "Creating a future, enhancing life" has become an integral part of our employees' working life across the entire O&L Group.

Our Group Purpose and Vision guide us in attaining our goals and objectives as outlined in the following explicit commitments:

- We bring life and well-being to people everywhere
- We improve socio-economic quality of life everywhere
- We create conditions for people to succeed everywhere
- We continually innovate and operate at breakthrough levels
- We build innovative and sustainable businesses, and
- We generate long-term profitability.

OUR PEOPLE

Being a truly authentic Namibian corporate citizen, the O&L Group was awarded recognition in the 2011 Deloitte *Best Company To Work For* Survey by receiving First Place as Best Company To Work For (BCTWF) in Namibia, the overall Second Place BCTWF in Southern Africa, and the Seal of Service Excellence. This is an outstanding yet humbling achievement for our Group, particularly since we retained our previous year's position after increased and very stiff competition. It shows how wholeheartedly we commit and dedicate ourselves to the continuous pursuit of excellence in all our people management processes. It is further testimony that our people regard us as their Employer of Choice in Namibia and, indeed, in southern Africa.

As our business grows, we are determined to further grow our people. By doing so, we enhance and enrich our employees' welfare and their capabilities, expertise and experience. Drawing from our constant drive to improve and excel in whatever we do, we commit to create an environment that is conducive to breakthrough working performance, by providing exposure through our leadership training programme.

There is also O&L World, which, amongst other things, aims to develop and maximise the potential of our human capital. We aim to provide a workplace that recognises and rewards the efforts of every individual in our Group.

In our ongoing efforts to have an engaged workforce, we launched the *Touch 5000* Campaign across the Group. Through this Campaign, our leaders personally reach out to every individual across the business, seeking everyone's personal connection to our Vision 2017. *Touch 5000* provided an opportunity to engage our workforce Group-wide in order to live and experience our breakthrough leadership and values. We inspired our staff to connect with their leaders, enabling them to seek clarification and challenges, and build on our destination 2017 journey. In light of the above, we will not only require our employees to take up more responsibilities and tasks to drive growth and excellence, but will also create more opportunities for them in order to showcase their talents and skills.

OUR **PRODUCTS** AND **SERVICES**

Our various products and brands continued to gain popularity among consumers and repute for their quality and excellence. Some of the many milestone innovations achieved in our Group that we proudly celebrate for the year include the following:

- Namibia Breweries Limited:
  - launched its revamped *Windhoek* trademark in March 2012
  - introduced the *Vigo* malt non-alcoholic soft drink
  - installed the new boiler and Pall filter beer-filtration plant, and
  - upgraded the superheated water reticulation system.
- Hangana Seafood invested in modern food processing technology called Nienstedt that shapes fish into various shapes and cuts.
- Pick n Pay opened a new shop at Ondangwa, and
- Namibia Dairies invested in new packaging technology for our dairy products.

We are convinced that, by pursuing the right strategies and investing in innovation, we will achieve further significant cost savings, increase productivity, generally improve operations and constantly improve our products and services for our consumers.

OUR **FINANCIAL PERFORMANCE**

The reporting year was indeed a challenging one, with the consequences of the ongoing global economic crises continuing to be felt. The escalations in electricity and fuel prices, amongst other things, impacted operations. Overall sales also fell short of our projections due to challenging market conditions that caused consumer spending to decline, but the Group's operating profit after fair value adjustments improved from N$595 million in 2011 to N$629 million in 2012.

Our diverse business portfolio has enabled us overcome these difficult times. Our property, beer and retail portfolios performed well and this helped to cushion performances at our dairies and leisure portfolios.

Therefore, our immediate growth goals have been clearly mapped out for the financial year ahead. We aim to stabilise Namibia Dairies and our Leisure portfolio, as well as the DHN Drinks joint venture in South Africa. Some of the milestones that we have to achieve within Namibia Dairies is to obtain the critical scale of production necessary for our !Aimab Superfarm and the concomitant critical sales volumes that will allow for reasonable returns. We are continuously reviewing our leisure portfolio and the planned Strand Hotel positioning. As for our South African investments, we are confident that we will achieve a breakthrough that will enable us to grow our market share overall and thereby achieve profitability.

CORPORATE **GOVERNANCE**

Strict adherence to good corporate governance is the cornerstone of our success at O&L. We are proud of our corporate governance compliance record, and our Board of Directors remains committed to continuous improvement as we regularly review and update our practices. We welcomed Governor Laura McLeod-Katjirua of the Omaheke Region and Rev. Willem Hanse as new members of the Board. They both bring a wealth of experience as well as valuable strategic perspectives.

CONFIDENCE IN THE FUTURE

We are inspired and determined to continuously create a breakthrough organisation where the highest level of affinity or connection, ownership and interdependence becomes an integral part of our people's daily experiences. This coupled with a high level of understanding of the purpose and risks associated with each type of business in which we are engaged, will continue to drive a deep connection with our Purpose, Vision and Values. Our Vision to be the most progressive and inspiring company, with its overarching vision metrics of N$2 billion EBIT, 2 500 new employment opportunities, a positive carbon footprint, and being a preferred employer of choice, is the backbone for success in achieving the Group's Vision 2017. As the new O&L embarks on its journey to 2017, we are excited about our latest initiatives going forward, such as the new Strand Hotel, continuous product innovation at our dairies and fishing operations, our barley growing trials in northern Namibia, our latest added renewable energy portfolio (O&L Energy) and our new staff engagement plan.

While we expect to face challenging conditions in various markets, the Board has the utmost confidence that our Management and employees will continue to deliver superior financial performance. Our employees deserve our special thanks for not only helping to deliver great financial results, but also for their efforts in serving our customers and our communities. We specifically wish to acknowledge their dedication to providing legendary service, and their overwhelming support in responding to the needs of the communities in which we operate. We would also like to extend our thanks to our shareholders for their continued support.

CONCLUSION

Moving forward, our Management team will continue to take on board strategies and solutions that minimise the impact of the financial crisis on our businesses, while maintaining our focus on growing the Group to a sizable but sustainable organisation. The Group is therefore pursuing an innovative agenda for growth. We are confident that we are now more favourably positioned than ever to be not only a national but also a regional market leader, while delivering on our promise to be a brand of quality and distinction.

Sven Thieme
Executive Chairman

Peter Grüttemeyer
Chief Executive Officer

OPERATIONAL REVIEW

BEER AND **SOFT DRINKS**

NAMIBIA BREWERIES LIMITED

During the year under review, Namibia Breweries Limited (NBL) delivered another solid financial performance - despite the prevailing economic conditions which provided for many trade-related challenges. Operating profit for the year ended 30 June 2012 increased by 14% to N$429,0 million (2011: N$375,3 million).

NBL's 2012 financial performance is testimony to its long-term business strategy as defined by the 2017 Breakthrough Plan which is currently in its second year of execution. This Plan will continue to guide NBL in building a breakthrough organisation and live the Group's Purpose Statement of *Creating a future, enhancing life*. In striving towards our Vision of being the most progressive and inspiring company by 2017, the three key focus areas are as follows:

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

Major capital investments of N$263 million which commenced in 2011 were completed in February 2012, improving NBL's logistics, maximising efficiency, replacing old machinery with new environmentally friendly technology, and increasing our capacity.

Numerous brand innovations and renovations were conducted, based on consumer feedback across the product offering. In March 2012, the new contemporary packaging and iconography for the *Windhoek* trademark was launched, bringing the pioneering spirit of the *Windhoek* story to consumers, while enhancing the brand's international premium appeal. *Windhoek Draught* continued to perform well and significantly contributed to the overall growth in volumes in Namibia and South Africa. Growth in South Africa was given further impetus by the launch of a 660ml returnable pack in that market in August 2011. *Windhoek Light* received a major renovation, with this variant sporting a more masculine and premium look, making inroads in new markets and enhancing the businesses efforts of promoting responsible drinking.

The business also made significant investments in *Tafel Lager*, which had been on the decline in Namibia. The renovation of the pack together with the *National Pride* Campaign which spoke to the soul of the brand and complemented the *Your Pride* Campaign led by the Government, reignited consumer passion for the brand, placing *Tafel Lager* as the most preferred upper mainstream brand in Namibia. *Club Shandy* also received renovation to enhance the aesthetic appeal of the brand and support our stand on responsible drinking.

In May 2012, NBL launched a new non-alcoholic malt-based soft drink, *Vigo*, offering our consumers a premium non-alcoholic choice in their repertoire.

In order to create awareness and appreciation for the *Reinheitsgebot* amongst consumers in the 18-25 age group, NBL embarked on an innovative digital marketing campaign which generated significant interest and involvement from this emerging consumer segment.

NBL also continued to invest in our staff across the business in order to maximise their knowledge and expertise, develop job-specific technical skills, and enhance leadership capacity.

NBL is confident that the QDVP4 (Quality, Distribution, Visibility, Price, Promotion, Persuasion and Partnerships) Model has enabled us to enhance service excellence to our customers and consumers. NBL has continued to grow the business, primarily through gaining market share in key markets, but also by delivering services that promote lasting relationships, create trust, help manage risk and uncertainty, and bring competitive advantage to our customers. It is this responsiveness to customer needs, coupled with our responsible business approach that makes us a sustainable enterprise.

NBL is committed to operating its business in a socially and environmentally responsible manner. The company has systems in place to minimise the potentially negative impact of our activities on the environment and on society. NBL continued to roll out the responsible drinking programme, DRINKiQ, to instil a deep awareness amongst both our staff and other stakeholders of responsible alcohol consumption, while also leading the Namibian alcohol industry in effective self-regulation.

In caring for the environment, significant progress was made in greening our operations through major capital investments, while continuing to implement ambitious sustainability targets.

Amidst the increasingly competitive environment in South Africa, NBL's Joint Venture, DHN Drinks, will remain important for growth in the beer portfolio.

NBL will continue to leverage its portfolio of premium beers, particularly of the *Windhoek* trademark, and will capitalise on further opportunities such as *Strongbow Cider*, which was launched during the year.

Windhoek Lager is showing strong growth in other export markets as well. While there are challenges in growing exports, NBL is encouraged by its progress in markets like Cameroon, Uganda and Zambia, and will persevere as exports are key in NBL's drive to build innovative and sustainable businesses.

FRESH PRODUCE

NAMIBIA DAIRIES (PROPRIETARY) LIMITED

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

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

- Financial success
- Profitable sources of growth
- Service excellence, and
- Our people.

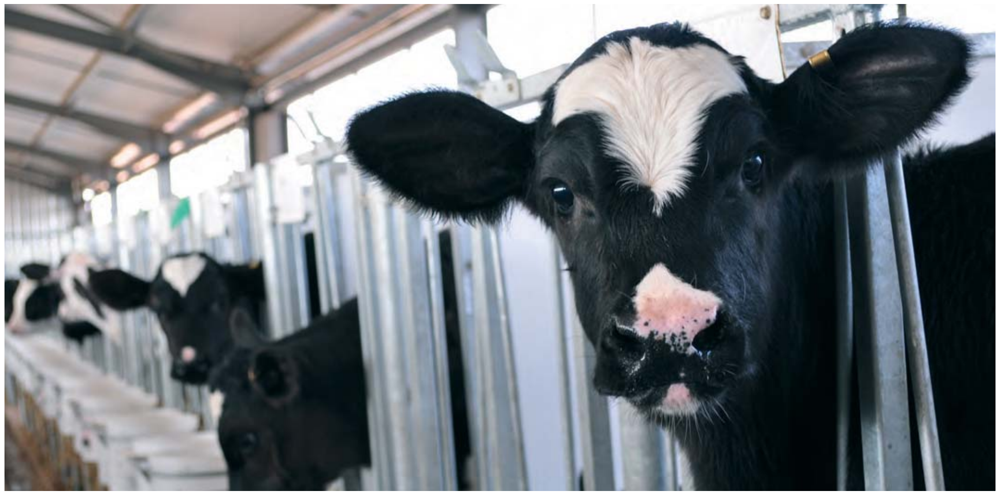
Namibia Dairies reported a turnover of N$406,1 million for the year reviewed, compared with N$387,0 million during the 2011 financial year. Increased pressure on selling prices due to aggressive market entry strategies from new competitors, increased discounts due to the lapsing of our Infant Industry Protection on ultra-high-temperature (UHT) milk, and a poor performance from !Aimab Superfarm resulted in an operating loss after fair value adjustments of N$6,5 million in the 2012 financial year, down from an operating profit after fair value adjustments of N$17,2 million in the previous reporting period.

The continued success of the *Nammilk* and *Rietfontein* trademarks resulted in all-time-high sales volumes for a number of our brands. Like-for-like sales in Namibia grew by 8% on the previous reporting period. Outside our home market, Namibia Dairies performed poorly due to unfavourable market conditions in Angola and the continued growth of non-trade barriers, which did not allow us to compensate for lost Angolan volumes.

The benefits of the continued focus on the QDVP4 Sales Excellence Programme ensured high-quality sales execution, an improved sales performance and merchandising standards, and higher consumer acceptance.

Namibia Dairies also initiated a series of capital projects during the year under review. These aimed at renewing assets and at boosting production capacity, operational efficiency, and our ability to innovate. A new Tetra-Rex-carton filler for fresh dairy products, a new carton-filling machine for UHT milk and juice products, and an aseptic tank installation were the largest investments in our factory during the reporting period. More significant investments were made during the year to enhance distribution capacity and efficiency. These investments will also increase our flexibility to adapt to changes in market demand and to innovate.

In its third full year of operation, the !Aimab Superfarm continued its herd growth and milk production volumes. The !Aimab Superfarm now houses 1 450 cows in milk. The herd has grown to over 2 900 animals, and now produces 65% of Namibia Dairies' raw milk requirements. During the year under review, there was a significant rise in feed costs due to steep increases in maize and soya prices, which resulted in significantly reduced feed margins at the Superfarm and, ultimately, in operating losses.



All technical quality audits comprising regulatory, supplier and compliance audits were passed. This confirms that the quality management and food safety systems at Namibia Dairies are world-class. 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 (PROPRIETARY) LIMITED

In its second year under Namibia Dairies' wing, Windhoek Schlachterei again showed a solid performance and is contributing positively to Namibia Dairies' operating profit. This turnaround was achieved by focusing on product quality, implementing improved controls, and by driving production efficiencies and synergies between the two businesses.

FISHING

HANGANA SEAFOOD (PROPRIETARY) LIMITED

Hangana continues to aim at being the most progressive and inspiring company by 2017, and becoming a world-class value adding hake company.

The strategic areas of focus for the 2017 vision are as follows:
- 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$304,0 million to N$379,4m (25%) and operating profit from N$5,6 million to N$28,5 million (409%). Favourable factors such as the exchange rate, an increased quota, higher hard currency prices, and rising demand contributed positively to improved financial performance.

Various projects in the spirit of *Sustainable execution in everything* were identified and implemented to mitigate fluctuations in hard currency prices and the exchange rate. These included the introduction of a more flexible catching strategy to reduce fleet unit costs, improved utilisation of raw material, and a sharper focus on cutting expenses where possible. Hangana's significant capital investments over the past five financial years, together with the recent investment of another N$20 million into world-class secondary value added processing lines, will enable us to optimise value extraction from all our raw material. This will enable Hangana to produce various forms of shaped products for the export market. The addition of such products will further diversify Hangana's portfolio and will allow us to compete in high-value niche markets globally. This most recent investment constitutes Phase 1 of a three-phase strategy to be completed in 2017, enabling Hangana to produce battered and crumbed portions of fish and ready meals for local and export markets.

This will make Hangana the forerunner in the Namibian hake industry in respect of continuously seeking to add significant further value to the country's hake resources, thereby ensuring Hangana's sustainability, generating long-term profits, and further developing professional and innovative leaders.

One of the fundamental lessons for Hangana under the difficult global economic circumstances in the past years was the importance of starting to build and develop our Namibian and South African markets in order to minimise the severity of the rate of exchange's impact on the business. Various opportunities were identified in both markets, and these will form part of our strategic areas of focus for the next review period in order to boost Hangana's financial performance.

RETAIL

MODEL PICK N PAY (A Division Of Wum Properties Limited)

Model Pick n Pay continues with its strategy to deliver an unbelievable shopping experience through our people, upgraded service offerings, and broader choices. The main pillars in our strategy of execution are:
- Everyone purposefully producing breakthrough everywhere
- Amazing experiences, enduring impact, and
- Sustainable execution in everything.

The operation achieved a commendable revenue growth of 14,2% from N$857,9 million in 2011 to N$980,1 million in 2012 during a very difficult economic period - and especially compared with the Pick n Pay Group in South Africa, which had a very trying year. Operating profit increased to N$20,7 million from N$15,2 million in the previous financial year, which represents a 35,5% increase and is N$2,6 million or 14,3% above budget. Earnings were mainly positively influenced by the growth in revenue, increase in gross margins, and a more favourable franchise model with Pick n Pay.

A very aggressive and focused marketing campaign aimed at value for money, top of mind and price awareness was one of the truly outstanding achievements during the financial year. The continuous emphasis on in-store execution and presentation of our offerings through our QDVP4 programme certainly paid dividends. Targeting the right consumers with the right products through our promotional strategies has also given Model Pick n Pay the edge over its competitors. This includes an increase in offerings in departments like hot foods, liquor and fresh produce.

Significant improvement was experienced from Model Pick n Pay's flagship store, Wernhil, as a result of a focused upgrade plan and in-store execution. The leadership at Wernhil played a prominent role in achieving an increase in operating profit of N$5 million, i.e. from N$7,7 million in the 2011 financial year to 12,7 million in the 2012 reporting period. During the year under review, the Kuisebmond and Ondangwa stores were discontinued for commercial reasons, while an additional store in Ondangwa was opened.

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 commercial property portfolio once again showed a solid performance during the financial period under review and executed its mandate extremely well on an operational level, thus consolidating its already strong position as a premier and trusted destination for shoppers and tenants alike.

Our strategic focus areas are as follows:
- Everyone purposefully producing breakthrough everywhere
- Amazing experiences, enduring impact, and
- Sustainable execution in everything.

The overall portfolio generated revenue (excluding deferred rentals) of N$126 million, compared with N$93 million the previous financial year.

An operating profit after fair value adjustments of N$187,6 million (2011: N$196,7 million) was achieved in the period under review, which includes fair value adjustments of N$102,5 million (2011: N$141,2 million).

The Wernhil Park Shopping Centre, which is Windhoek's premier shopping and leisure destination, has seen a 10% increase in foot traffic since the completion of Phase 3, with over 1 million feet passing through the centre each month. In addition, tenant trading densities grew steadily from the last quarter of 2011, which is another clear indication of the positive impact that this investment of N$183 million has had on Wernhil Park.

Even though tough economic times has made retailer turnover growth difficult over the past few years and, as such, has significantly impacted annual negotiations for rental increases, the overall portfolio achieved a vacancy factor of just over 1% at the 2012 financial year end. The year-on-year growth in turnover, which is impacted mainly by the increase in letable area at Wernhil Park, amounted to 24% for the same period. However, commercial developments, particularly the growth in Windhoek-based retail over the next two to three years, is a cause for concern, and could lead to oversupply. This will need to be countered by way of ensuring the above-mentioned strategic focus areas are implemented to the fullest extent going forward, thus resulting in retaining and growing our shopper base as well as tenant demand.

The property portfolio's positive financial performance and strong showing from a valuation gain perspective was once again the result of continually striving to ensure long-term and sustainable execution, both from an investment as well as an operational point of view. In addition, our strong performance in respect of Deloitte's *Best Company to Work For* Survey is of significant importance, as it's a great measuring tool for employee satisfaction within our organisation.

These developments were completed or saw substantial progress:
Wernhil Park Shopping Centre: The Phase 3 development of Wernhil with an investment of N$183 million, a retail expansion of approximately 12 000m², and approximately 500 additional parking bays has already made a major impact on its trading environment. Wernhil's property value increased from N$537 million at June 2011 to N$600 million at June 2012.
Standard Bank Centre: The upgrade of the offices of Standard Bank Namibia, with a total investment of close to N$10 million, progressed significantly with the completion of three out of the total of five office floors by the end of June 2012, as well as the completion and commissioning of four new lifts serving the offices. Overall completion of the upgrade is earmarked for the end of October 2012.

LEISURE

O&L LEISURE (PROPRIETARY) LIMITED
The year under review saw Kempinski adding Midgard Country Estate to its portfolio of O&L Group-owned properties managed by Kempinski. Midgard immediately adopted the following Kempinski values:
- People-oriented
- Straightforward
- Entrepreneurial performance
- Creating tradition, and
- Passion for European luxury (translated into Afripean luxury here).

The impact of the world recession continued to negatively affect tourism in Namibia, and our hotels were not spared. Nonetheless, and despite having suffered accessibility challenges the prior year due to excessive rain, Midgard's occupancy grew by 35%.

Mokuti Lodge completed its room upgrade during the year under review, and the product was successfully launched into the market. The service levels in our hotels continue to improve as evidenced in the accolades won during the course of the year, including the international Trip Advisor Award and the Chefs' Association of Namibia Service Excellence Award.

The level of friendliness at Midgard, including the security at the gate, significantly raised its image to the next level. The results of Deloitte's *Best Company to Work For Survey* continue to show that employees have a high level of pride.

Employee growth remained one of the pillars and focus areas during the reporting period. O&L Leisure continued to expose its employees in countries like the United Arab Emirates (UAE), which is a world leader as regards best practices in hospitality. Three employees spent more than a year in the UAE. They returned to Namibia energised and ready to share their wealth of knowledge.

The next huge investment will be on the development of the Strand Hotel in Swakopmund. The target is still to open the hotel by the second quarter of 2014.

Occupancy for both Midgard and Mokuti remains a challenge, and will be a priority as we step into the next financial year. The goal is to meet and exceed our new targets and contribute positively to the overall Group vision.

OTHER **FULLY-OWNED BUSINESSES**

KRAATZ MARINE (PROPRIETARY) LIMITED

Performance for the year under review was below expectations due to a major downturn in the number of vessel dockings in the Marine and Offshore Business Unit. Growth in the Industrial Business Unit was exceptionally good, on the other hand, but not good enough to off-set the decline in Marine and Offshore.

Emphasis was placed on the following strategic focus areas:
- Profitable growth
- Great people, and
- Business unit segregation.

Revenue for the financial year under review amounted to N$64,0 million, compared with N$74,1 million in the 2011 review period. Operating profit amounted to a N$1,4 million profit in 2012, compared with a N$9,2 million profit in 2011. Margins improved from 25% Gross Profit (GP) in 2011 to 34% GP in 2012. The latter improvement is mainly due to higher margins generated at one single large industrial project, with a total value of N$15,4 million.

There was no rig repair activity during the period under review, while the number of ship repairs was very low due to a significant reduction in vessel dockings compared with previous years. Indeed, the revenue generated by ship repair activity reduced by 30% in comparison with the 2011 review period, with resulting low activity and low labour recovery having a very negative impact on operating profit. The highlight in the Marine and Offshore Business Unit was the N$12-million Kitona Project initiated during the year under review. It is scheduled for completion early in 2013.

The Industrial Business Unit experienced exceptionally good growth, with a 17% increase in revenue compared with its 2011 review counterpart. The 2012 reporting period also showed a significant increase in the client base, particularly in the mining sector, and projects were successfully completed for most of the mines in Namibia. A project to the value of N$15,4 million was successfully completed at Langer Heinrich Uranium.

Capital investments were made in the Industrial Business Unit to improve mobility and our on-site capabilities. The area of safety saw significant progress as well, with the Lost-time Injury Frequency Rate (LTIFR) at an all-time low of 1,15, compared with our target of 1,8.

ASSOCIATE:

DIMENSION DATA NAMIBIA (PROPRIETARY) LIMITED

During the 2012 financial year, Dimension Data experienced a slowdown from the previous period. Despite this slowdown, we transformed our business structure to meet the market's changing needs, and to enable the company to be at the forefront of IT solution providers in Namibia.

Dimension Data continued to focus on the following critical success factors during the 2012 reporting period:
- Drive the annuity strategy: Long-term contracts for service-level agreements
- Continue to build a highly skilled workforce to strengthen our African footprint, and
- Build relationships across the board with clients and stakeholders.

The Group equity accounted a profit after tax of N$1,8 million from Dimension Data for the year ended 30 June 2012, compared with a profit after tax of N$3,4 million in 2011.

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, strategic oversight and control environment to produce and sustain the delivery of value to all shareholders. The Board continues to instil a culture of openness, accountability and integrity, which is reflected in its commitment to best practice. 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 the Directors are set out on page 3.

The role of the Chairman and the Chief Executive Officer are separate in order to ensure a balance of power and authority, such that no one individual has unrestricted powers of decision-making. 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 in the Group, and 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 a third of the Directors i.e. those who've served the longest since their last election retire and, if available, 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. These include:

- 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, disposal 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 the carrying out of 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
- the review and approval of Group strategy and the setting of 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	27/09/2011	27/03/2012	29/06/2012
E ENDER	A	A	#
P GRÜTTEMEYER	A	A	A
G HANKE	A	A	A
REV. WS HANSE	$	$	A

MEMBERS	27/09/2011	27/03/2012	29/06/2012
TZM HIJARUNGURU	A	A	%
C-L LIST	A	A	A
HE LIST	#	#	#
BHW MASCHE	A	A	A
GOV. LV MCLEOD KATJIRUA	$	$	A
B MUKUAHIMA	#	A	A
HH MÜSELER	A	A	A
A MUSHIMBA	#	#	%
EP SHIIMI	A	A	A
UM STRITTER	A	A	A
S THIEME	A	A	A

A Attended # Apologies $ Not yet appointed % Resigned

BUSINESS PERFORMANCE, ACCOUNTING AND AUDITING

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

BUSINESS PERFORMANCE REVIEW MEETINGS

Monthly business performance review meetings are held at each individual operation. Full, in-depth business performance review meetings are held quarterly, with shorter performance updates 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 such as finance, marketing, human capital, risk management, corporate citizenship responsibility, and IT. These meetings are attended by the Group leadership team as well as the senior leadership team of the individual operations. The purpose of the performance updates is to focus on and discuss key issues affecting the business as well as the financial results and forecasts of the operation. These meetings are attended by the Chairman, the Managing Director, and the Financial Director/Manager of the individual operation.

GROUP OPERATIONAL MEETINGS

The purpose of these meetings is to review and evaluate the Group's performance and progress in disciplines such as 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. Meetings are held twice annually. These meetings 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 financial statements and other information presented in 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 in compliance 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 will be taken in regard to those services.

The Auditor's Report is set out on page 62 herein. The financial statements set out on the accompanying CD have been prepared by Management in accordance with the IFRSs adopted by the International Accounting Standards Board (IASB) and 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 which, 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 and 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. These records and systems are designed to safeguard assets and prevent and detect fraud. 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 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, 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, in particular, the Chairperson of each Board Committee are requested to attend Annual General Meetings to answer questions raised by shareholders. The various Board Committees established are set out below.

AUDIT COMMITTEE

During the financial year under review, the Audit Committee comprised two Directors (both Non-executive): Mr TZM Hijarunguru (resigned on 27 March 2012), Mr HH Müseler (Chairman) (appointed on 27 March 2012), and Mr EP Shiimi.

The Committee's terms of reference are set out in an Audit Committee Charter. The Audit Committee is mandated by the Board to review financial statements, appropriateness of the Group's accounting and disclosure policies, compliance with IFRSs, and 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 outlined above. 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, as well as after the annual external audit has been completed and 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	26/09/2011	26/03/2012
TZM HIJARUNGURU	A	A
HH MÜSELER	$	A
EP SHIIMI	A	A

A Attended $ Not yet appointed

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 being one year for at least one other member.

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 and 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 persons in the following capacities:
- Executive Chairman
- 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.

The Board appoints the members of the Risk Committee, taking into account a potential candidate's education and/or business experience within the Committee's scope of activities. 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 A Mushimba (resigned on 27 March 2012), Mr EP Shiimi (appointed as Chairman on 27 March 2012), and Mr P Grüttemeyer (CEO).

The Committee's responsibility is to review the remuneration of the Group's executive leadership, 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, amongst 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. The following meetings were held during the period under review:

MEMBERS	26/06/2012
P GRÜTTEMEYER	A
EP SHIIMI	A

A Attended

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 being one year for at least one other member.

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 and 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.

CONFLICT OF INTEREST

Directors are required to inform the Board timeously of conflicts 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 conflicting interest.

During the financial year ended 30 June 2012, none of the Directors had an 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.

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.

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 way, and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of its 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 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, and 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 which 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 (see table).

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 in ensuring the required risk management culture, practices, policies, resources and systems are progressively implemented and function effectively. The various operating companies' Risk Committees report to the Group Risk Committee, as described in the Corporate Governance Report.

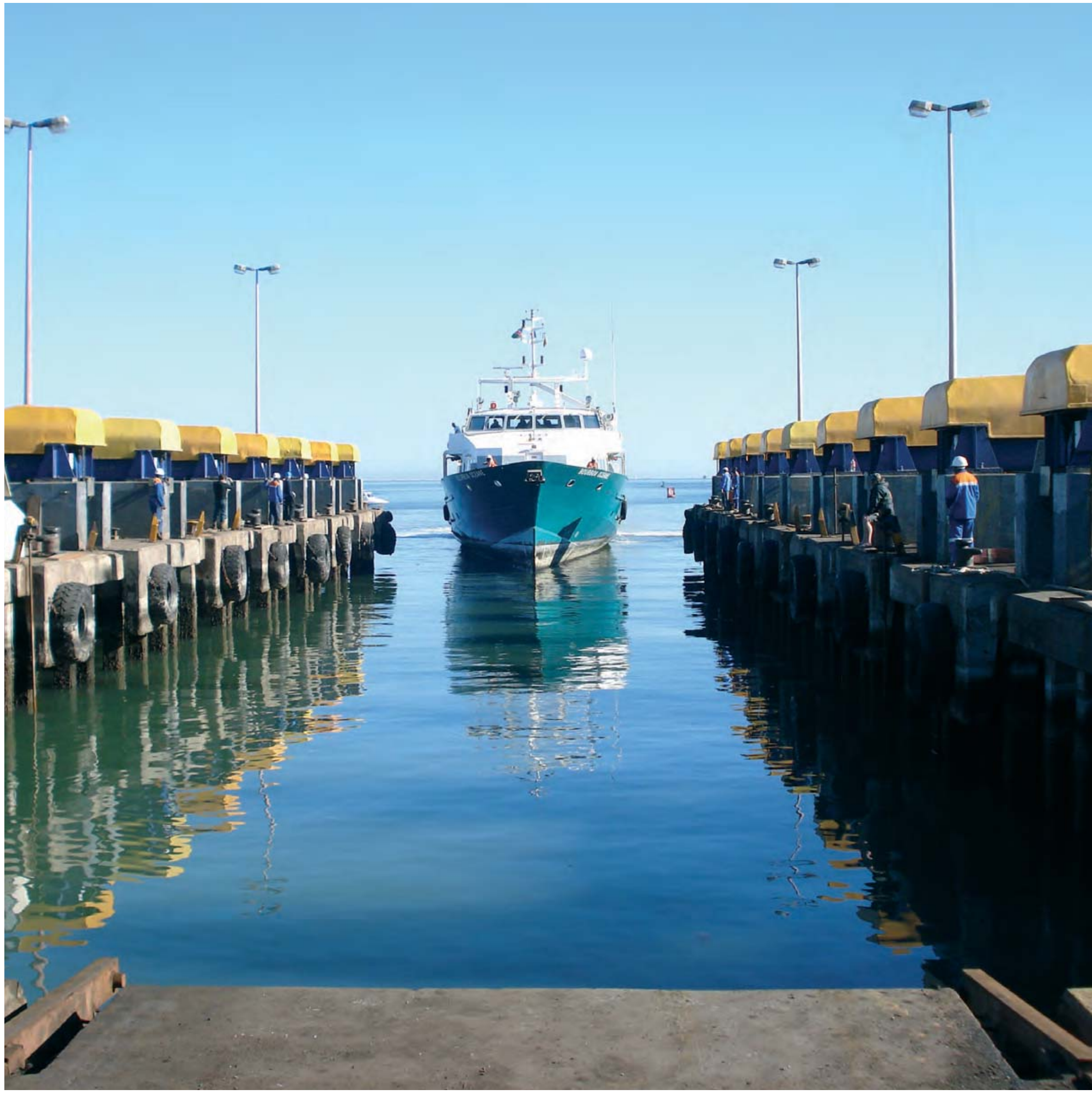
O&L GROUP RISK MATRIX - TOP 10 RISKS 2012

RISK IDENTIFIED	MITIGATION CONTROLS IMPLEMENTED
Negative impact of the exchange rate on import and export opportunities	• Comply with forward cover policies • Increase hard currency prices • Explore markets less dependent on exchange rates • Reduce operating expenses
Loss of livestock due to the outbreak of disease as a result of poor application of bio-security measures at the Superfarm	• Implement and enforce bio-security measures and plan at the Superfarm
Ability to turn non-profitable operations around	• Integrate Mokuti Lodge and Midgard Country Estate into O&L Leisure • Explore new business opportunities • Explore possible disposal of non-profitable operations • Hold monthly business performance review sessions with operating companies to ensure business objectives are on track

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. Alexander Forbes Risk Services audited the Group's compliance with the Group Risk Control Standards for the third year running, i.e. including the 2012 reporting period. Their external audit is based on international best practices. The Group achieved an average compliance rate of 85% (2011: 80%; 2010: 70%).

O&L GROUP RISK MATRIX - TOP 10 RISKS 2012 (continued)

RISK IDENTIFIED	MITIGATION CONTROLS IMPLEMENTED
Impact of available cash flow on day-to-day business	• Negotiate and apply maximum payment terms with suppliers and service providers • Expedite debtor collections • Maintain sound relationships with banking institutions
Role of competitors (South African Breweries Miller/SABM, Wal-Mart, South African dairy imports) on the profitability of operations	• Monitor and research markets • Review business strategy regularly to ensure competitiveness in the market • Ensure procurement efficiency
Impact of interest rate fluctuations on the Group's financial viability	• Hedge and fix interest rates • Comply with O&L interest hedging and fixing policy • Maximise cash flow
Destruction of property and production facilities due to fire	• Comply with Group Risk Control Standards with respect to fire prevention and control • Identify and implement Business Continuity Plan to reduce impact and duration of loss exposure
Adoption of restrictive legislation in home and export markets (e.g. high sin taxes, scrapping of import controls)	• Engage with regulation authorities to influence policy development in Namibia
Impact of prolonged IT failure (five days or more) in the Group due to dependency on a single IT network provider (Telecom) and outsourced IT partner (Dimension Data)	• Identify and implement Business Continuity Plan to reduce impact and duration of loss exposure (manual systems and situation testing)
Lack of proper business continuity (dependency on single service providers and suppliers)	• Identify alternative suppliers • Comply with minimum stock holding requirements • Ensure that single suppliers have business continuity plans



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 aiming 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 socio-economic 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 importance that the Group places on sustainability is further reflected by the addition of the colour green to the new O&L logo, which represents naturalness, well-being, mature growth, versatility, integrity, trustworthiness and coolness.

SOCIAL ASPECTS

EMPLOYMENT EQUITY

The O&L Group of Companies subscribes to the principle of equal opportunities for all 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.

The table below depicts the spread of employees across the Group. It shows the number of employees from the lowest (1) to highest (9) Job Grades on the basis of previously disadvantaged (PD) and previously advantaged (PA) members of staff.

LEVEL IN STAFF HIERARCHY AND JOB GRADE	2012		2011		2010		2009		2008	
	PA	PD	PA	PD	PA	PD	PA	PD	PA	PD
General Staff (Job Grades 1-5)	1	3 603	6	3 714	9	3 765	15	3 668	14	3 452
Supervisors/Junior Management (Job Grades 6A-7B)	83	814	93	780	112	718	141	567	116	534
Middle Management (Job Grades 7C-8B)	113	120	116	122	93	109	80	96	82	69
Senior/Executive Management (Job Grades 8C-9)	22	7	21	8	21	4	23	5	24	5

We believe that achieving equity in the workplace is a business imperative and, thus, to the long-term benefit of the Group.

The O&L Group aims to create a feasible and flexible strategy that addresses work-related employment barriers and the expectations of employees in the designated groups, namely *Racially disadvantaged*, *Women*, and *Persons with disabilities*. At the same time, the Group recognises the shortage of skills in Namibia as well as the ambitions and aspirations of current and future non-designated employees.

It is the Group's objectives that there will be:

- no discriminatory practices of any nature anywhere within the organisation
- no barriers to employment within the Group as a whole which in an unfair manner restrict employment as well as opportunities for further advancement of any existing potential employee working for the Group, and
- equitable representation of previously disadvantaged persons across all employment levels and across all occupation categories within the Group, ensuring that the demographics of the society within which the Group operates are reflected.

In terms of our Group vision - which is to be the most progressive and inspiring company - it is our intent to balance our current employees' demographic profile to more accurately reflect the wider Namibian community in the areas in which we conduct business.

In conforming to the above, the Group subscribes to the requirements of the Affirmative Action (Employment) Act and the rules and regulations promulgated in terms of the Act.

The Group fully commits itself to:
- utilising its human capital to the full
- taking steps to ensure that our policy of non-discrimination is known
- continuing to implement specific training interventions to develop designated employees, and
- continuing to source new talent from outside with a special focus on designated candidates.

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. The Group's Affirmative Action Plan ensures that equity is achieved within the organisation.

In implementing positive Affirmative Action measures, the Group will, as in the past, focus specifically on:
- recruitment and promotion
- the selection and placement of employees
- induction and communication
- training and development
- succession planning
- remuneration practices
- mentorship, and
- setting Affirmative Action standards of performance.

Suitable succession plans are being developed for appropriate key positions in order to accelerate the development of selected designated employees who show potential in their specific lines of work. The Group recognises that, for some specialised roles, competent designated incumbents may only be available in the long term, but we nonetheless undertake to ensure that there will be a learning path to achieve this goal.

The Group subscribes to the principle of informal mentoring. In this regard, we encourage a process whereby potential candidates are assisted in choosing a suitable manager who will guide them on an ongoing basis with regard to the complexities and uniqueness of the function in question.

In accordance with the Affirmative Action (Employment) Act, should the need arise the Group will facilitate the mentoring and development of every Namibian working with a non-Namibian as an understudy.

EMPLOYEE PARTICIPATION

Open communication and growth opportunities are vital in driving our business objectives as well as improving employee commitment and participation.

The Group has adopted a variety of participating structures on issues that affect employees, including the establishment of various consultative forums - such as the Open Forum - as well as training programmes, trade unions and employee representatives. Regular communication through the Group and operating companies' in-house newsletters consolidates this participation drive. These structures are designed to achieve good employer-employee relations by encouraging open communication, consultation, the identification of sensitive issues, and the resolution of conflicts.

BEST COMPANY TO WORK FOR

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 purpose of this shadow participation was to measure ourselves in terms of how satisfied our employees were within the Group, and to address any level of dissatisfaction.

As from 2010, the Group took on the challenge of becoming an actual - and no longer virtual - participant in Deloitte's *Best Company to Work For* Survey. As a Group of Companies, O&L is very proud that, in 2010, we were 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 the 2011 *Best Company to Work For* Survey in southern Africa after increased and 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 with the *Standard of Excellence* seal.

Best Company to Work For *Gala Award Ceremony, Johannesburg, South Africa, 5 October 2011*

Based on specific dimensions evaluated and identified in the survey results, various initiatives were drawn up to address the concerns raised by our employees. These initiatives are measured on a monthly basis and the progress made is communicated to employees during monthly or bi-monthly meetings. With a continuous focus on and commitment to the initiatives and dimensions of the *Best Company to Work For*, the Group wishes to create and enhance satisfying career experiences, and to continuously strive for operational excellence in all of our human capital processes.

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 be developed into future leaders in the O&L Group of Companies.

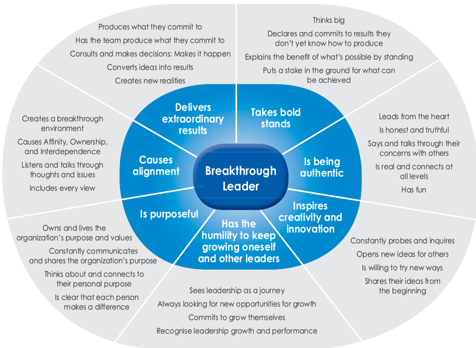
Furthermore, TAP aims to provide valuable development and work experience to suitable candidates to enable them to become competent and self-driven in their careers. TAP candidates are placed on a one-year development programme under the guidance of a competent and experienced mentor in a similar career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

Launched in 2008, TAP has so far seen the appointment of a total of 31 Namibian graduates from various tertiary institutions within Namibia and South Africa. All the TAP candidates appointed between 2008 and the end of the 2011 financial year have been promoted to Junior and/or Middle Management positions. The 2012 review period saw another six graduates being recruited to TAP and making promising development. This initiative is, thus, a true reflection of the Group's commitment to grow and develop Namibian youth and talent.

LEADERSHIP DEVELOPMENT

The O&L Group realises that we continuously need to concentrate on developing our leaders in order to motivate and inspire our employees. For this reason, we continue to grow and develop our leadership teams by providing training in terms of internal, customised Breakthrough Intensive Leadership Workshops known as the *O&L World*. The aim of this training is to embed leadership competencies as displayed in our Breakthrough Leadership Model, and to ensure that our leaders sharpen their attention on motivating our employees to achieve extraordinary results for future sustainability and job security.

O&L World applies to all supervisory-level employees and above. The purpose of O&L World is to align the Group's Management and leadership as regards the culture, Purpose, Vision and way of thinking that makes the Group unique. In addition to and in collaboration with O&L World, Group leaders are exposed to the Breakthrough Leadership Model. These are competencies on which the Group's leaders will be evaluated during their performance reviews, which emphasises the importance placed on leaders to display and live these competencies and values.



O&L Breakthrough Leadership Model

TRAINING INTERVENTIONS

Our Value *We grow people* is a core focal point of the O&L Group. For this reason, we have a wide variety of generic training programmes that are facilitated by various external service providers, besides our formal external training programmes and on-the-job training. The Group's study loan scheme enables employees to obtain further tertiary qualifications, for example. As a further incentive, employees who pass their examinations do not need to repay the tuition fees associated with these loans. We also offer bursaries in some operating companies in order to ensure a continuous supply of qualified young Namibians.

Some of the Group's generic training programmes that were well attended during the financial year under review dealt with Supervisory Skills, MS Office, Performance Management, Emotional Intelligence, Time Management, Customer Care, Store and Stock Control, Money Sense, Chairing and Initiating a Disciplinary Hearing, Firefighting, Basic First Aid, and Debtor and Creditor Control.

OPERATION	2012 (N$)	2011 (N$)
Hangana Seafood	2 158 197	1 357 995
Kilimanjaro Trading	255 034	344 310
Kraatz Marine	833 733	654 827
Kraatz Steel	88 877	51 986
Model Pick n Pay	850 042	986 966
Namibia Breweries	5 008 694	4 990 355
Namibia Dairies	1 885 376	1 151 016
O&L Centre	561 682	1 328 805
O&L Leisure	503 998	642 296
Properties	651 199	651 652
	12 796 832	12 160 208

Total expenditure on training in the various Group operations

ADULT LITERACY PROGRAMME

An Adult Literacy Programme was officially launched within the O&L Group on 1 April 2011. In collaboration with the Ministry of Education, the Programme was implemented across the board in the Group and in all the Regions where the Group has businesses.

The purpose of the Programme is to provide basic adult literacy education to all employees at their request, which was raised during employee engagement sessions as per *Best Company to Work For* action plans. The main objective of the Programme is to improve and enhance communication within the Group, enhance the employment relationship, and live our Mwenyopaleka Value, *We grow people.*

The Adult Literacy Programme replaced its forerunner, the Adult Basic Education Training Literacy Programme, and will be based on the Education Ministry's National Literacy Programme for Adults. The new Programme consists of three stages, as follows:

Stage 1: Basic education, i.e. to be able to read and write in one's mother tongue

Stage 2: Literacy and numeracy in one's mother tongue, and

Stage 3: Literacy and numeracy in English.

A total of seven Adult Literacy Programme Educators have been employed as trainers. They have so far done an excellent job of educating some of our employees in respect of literacy and numeracy. The commitment shown by employees who participated in the assessments before the commencement of the programme truly indicates that each person shares ownership when it comes to delivering on the promise to develop themselves.

To date, a total of 580 employees have been assessed for the literacy programme, and approximately 150 of these are being trained during our second round of intakes from April to November 2012.

PERFORMANCE MANAGEMENT

A formal, structured Performance Management System applies to all employees at Supervisory/Junior Management level (Job Grades 6–7B), Middle Management level (Job Grades 7C–8B) and Senior Management level (SLT & GLT).

Value is further added to employee performance by evaluating them according to the O&L Values and the O&L Breakthrough Leadership Model, depending on their level within the organisation. The application of the Performance Management System is managed by means of biannual performance interviews. O&L has recently embarked on upgrading our Performance Management System to an electronic one, enabling line managers to complete performance evaluations and appraisals more effectively and efficiently.

TALENT MANAGEMENT

To ensure future sustainability and an increased focus on managing our talent within the Group, we need to focus on attracting, retaining and developing our talent pool within each operating company more effectively and efficiently. In order to do this, we need to ensure that we have the right people in the right place with the right skills at the right time. Thus, we have to define our talent needs in relation to our strategic goals to ensure we have a high-calibre workforce to suit our future demands.

The successful implementation of the SAP Talent Management System provides us with important, standardised and up-to-date information regarding the overall human capital spectrum. This includes, but is not limited to, the following:

- Recruitment and selection
- Training and development
- Succession management
- Performance management, and
- Reporting.

MWENYOPALEKA

Mwenyopaleka is an *Oshiwambo* word meaning "revitalisation", but it can also be used as a synonym for "rebirth". *Mwenyopaleka* is a long-term programme launched in 2004. Its principal objective is 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 O&L Group. Over the past few years, the *Mwenyopaleka* Road Show Programme has allowed the Group to promote and communicate these objectives to our employees around the country.

The main purpose of the Programme is as follows:

- To revitalise the O&L Group through active and consistent communication of the Purpose, Values, Vision and Mission
- To move away from a rule-driven employment relationship to a value-driven one in order to gain long-term employee commitment, and
- To use our Purpose, Values, Vision and Mission as drivers in achieving all the goals in the Vision 2017 Breakthrough Plan.

A total of 14 Road Show Programmes are hosted each year in Windhoek and all the major towns in which the Group has a business presence. The Road Shows are all linked to a specific theme each year. The theme for 2012 is *Creating a future, enhancing life* in support of our Purpose. Mwenyopaleka involves various activities such as industrial theatre, music, dance, and games.

ANNUAL ***VALUE STAR* AWARD** CEREMONY AND **EDUTAIN TRIP**

At this annual gala event, recognition is given to the monthly *Value Star* winners from the various operating companies, and an overall *Value Star* winner per operating company is announced.

Once a year, the overall *Value Star* winners are taken on an all-expenses-paid trip. During the review period, the winners were treated to a trip to Cape Town, South Africa. During their excursion, a special effort is made to ensure that all participants are involved in educational as well as entertaining activities. Locations visited by previous winners include Victoria Falls in Zambia (2005 and 2006), Sun City, Monte Casino and Cape Town in South Africa (2007, 2008 and 2011, respectively), and Mauritius (2009 and 2010).

EMPLOYEE ENGAGEMENT - THE O&L PEOPLE STRATEGY

In order to enhance the drive on our journey towards O&L's Vision 2017, we will be relying on the power of Employee Engagement at both strategic and on-the-ground levels. Employee Engagement will develop the personal connection to our Purpose, Values, Vision and Mission, leverage the corporate brand to build belonging and ambassadorship, and create a breakthrough environment for all O&L employees.

Employee Engagement is the essence of connecting with employees. It involves them in various initiatives such as communication, leadership development, and creating excellent employment experiences.

The Employee Engagement initiative was introduced as part of the centralised communication strategy. The initiative includes electronic corporate newsletters; the *Touch 5000* Campaign which is an engagement campaign whereby the Leadership Team is aiming to reach out and connect with every O&L employee; the production of posters depicting the Values so as to maintain awareness of them; continuous engagement sessions with all employees; and a year book as a special 'gift' to all employees, acknowledging the successes of the year in question.

All the elements of the initiative will be driven by a core team working closely with the Human Capital and Corporate Relations Departments to deliver the results required for the *Best Company to Work For* Campaign and the 2017 breakthroughs.

EMPLOYEE WELLNESS PROGRAMME

The Employee Wellness Programme run by the Employee Wellness Department was established with the vision to enhance and sustain employee well-being. This vision is one of the pillars supporting the realisation of the O&L Group Purpose *Creating a future, enhancing life*. Guided by the Wellness Policy and Procedure, the Employee Wellness Programme aims to enhance employee and workplace effectiveness through the prevention, identification and resolution of personal and productivity issues.

By enhancing and sustaining employee well-being, the Programme desires to:

- have a healthier workforce
- improve employee performance
- decrease absenteeism, and
- increase productivity and profitability.

The Programme has a practical focus that empowers employees to take ownership of their health and well-being through various wellness activities, some of which are listed below.

HIV and AIDS Programme

The Group prides itself on being at the forefront of the battle against HIV and AIDS. During the year under review, we continued with our campaign to raise awareness about the dangers of HIV and AIDS, and implemented combative plans to prevent the spread of the virus. The Programme is governed by the Group's HIV and AIDS Policy, which is in line with the National HIV and AIDS Policy and the National Strategic Plan on HIV and AIDS, as embodied in the Third Medium-term Plan.

One of the initiatives implemented under the HIV and AIDS Programme since its inception is the Vitality Scheme Benefit. This Benefit provides free anti-retroviral (ARV) treatment to all employees who live with HIV and AIDS. The Group covers the premiums for all employees regardless of their HIV status. However, only employees who are HIV-positive and whose CD4 cell count is lower than 200 according to the Ministry of Health and Social Services' guidelines are eligible for ARV treatment.

Peer Educator interventions

Peer Educators were trained in the Central, Northern and Coastal Regions. After attending these training interventions, Peer Educators are equipped to transfer their knowledge to fellow employees through monthly health information sessions. Such health awareness activities are implemented to prevent health risk factors and to raise awareness about healthy living. Peer Educators are expected to identify specific wellness cases in their work environments and to refer these to the Wellness Department.

Wellness screening

The Wellness Department encourages regular wellness screening in order for employees to detect any lifestyle ill-health and, in turn, to seek treatment at the earliest opportunity. Some operating companies in the Group do this on a more regular basis through Wellness Days.

Screening tests enable employees to limit their unhealthy habits and risky behaviour in order to adopt healthier lifestyles. The exercise also benefits business units as it provides an insight into the current health status of their workforce. This is vital in:

- identifying specific health risks in the workforce, and
- designing workplace programmes for health concerns that pose a threat to the workforce and, hence, to productivity.

Management of absenteeism

The Group has certain benchmarks for monitoring and managing absenteeism. After having received appropriate training, operating companies now measure absenteeism regularly, and implement appropriate remedies.

Wellness counselling

The Employee Wellness Department offers counselling services to all employees in need of such services with the aim of empowering the recipients emotionally and mentally. The success factors associated with counselling are:

- an increased relationship of trust between the operating company and Group and our employees
- guaranteed confidentiality, and
- a good working synergy between business units and the Employee Wellness Department.

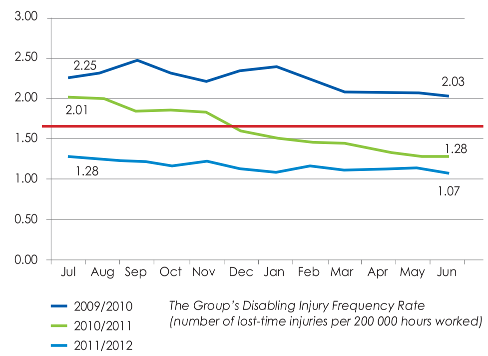
Over the years, the Department has dealt with a number of cases, including alcohol and drug abuse, sexual abuse, domestic violence, cholesterol, hypertension, diabetes, trauma and loss issues, and aspects relating to a healthy lifestyle and diet.

OCCUPATIONAL **HEALTH AND SAFETY**

During the period under review, the Group was audited by Alexander Forbes Risk Services for the third year running in respect of the implementation of its Group Risk Control Standards. These Standards are based on international best practices in the occupational health and safety environment. Their implementation has had a very positive impact in terms of the monitoring of health and safety statistics, the investigation of incidents, and the response to corrective actions. During the annual audit, the targeted average compliance rate of 85% was achieved.

Specialised management and supervisor training on occupational health and safety issues was conducted across the Group. The training addressed Management's responsibilities, legal compliance, the conducting of risk assessments, the investigation of incidents, and the implementation of corrective action related to health and safety.

The disabling injury frequency rate (DIFR, or lost-time injuries per 200 000 hours worked) for the 12 months of the financial review period was lower than the targeted figure of 1,5. Notwithstanding this achievement, the Group remains committed to maintain the focus on occupational health and safety during the coming financial year.



The Group's Disabling Injury Frequency Rate (number of lost-time injuries per 200 000 hours worked)

CORPORATE SOCIAL INVESTMENT

With our Group Purpose of *Creating a future, enhancing life*, the sustainability of our operations is central to all our business decisions. As a result, corporate social investment remains an integral part of the O&L Group of Companies. As a leading Namibian company with a proud and rich heritage, we continuously consult our stakeholders, reassess our actions, challenge ourselves, and commit to finding more sustainable ways of managing our business. In fulfilling our responsibilities as a leading corporate citizen, we support initiatives that are sustainable in the long term, which conserve our natural resources, and which advance communities and engage employees, while building our corporate reputation and enhancing relationships with our stakeholders.

Through actively living our Values, amongst other things, we understand that each one of us has a purpose - not only a personal purpose - but also a purpose to serve our company and ultimately our community and country at large. As compassionate employees and true ambassadors of O&L, we care about our colleagues, families and friends, as well as the future of our beautiful country, Namibia.

The O&L Group

Employees of the Ohlthaver & List Group of Companies once again raised funds for the flood-stricken North that affected many people's lives, including employees of the Group. Through the O&L Emergency Fund, caring employees ploughed back into the community and society at large as a manifestation of their personal social responsibility by contributing cash donations towards the Fund.

Furthermore, together with Dimension Data, one of its operating companies, the Group donated personal computers and other hardware as well as free installation to the Iipanda Yaamiti Combined School in Ongwediva.

Namibia Breweries Limited

NBL is committed to contributing to communities through, amongst other things, hiring and procuring locally wherever possible. We therefore give preference to local businesses and small- and medium-scale enterprises, and have set ourselves the ambitious target of procuring 30% of our goods and services from local suppliers by 2017.

Malted barley, which is a vital ingredient in the brewing of our Reinheitsgebot beers, is currently not available in Namibia and is, therefore, sourced from Europe. In an endeavour to procure this product locally and, in so doing, stimulate further job creation, NBL, in partnership with the University of Namibia and the Ministry of Agriculture, Water and Forestry, embarked on a three-year feasibility study in 2011 to determine the viability of a local malt barley industry. The yield from the first round of trials delivered results beyond expectations, especially considering the harsh climatic conditions in Namibia. The second round commenced in May 2012, and aims not only to confirm the results of the first round, but also to determine the ideal cropping regime and suitable varieties, and explore the commercial viability of local malt barley.

Alcohol strategy:

The establishment of the Self-regulating Alcohol Industry Forum (SAIF) in 2007, to which all major manufacturers and distributors of alcoholic beverages in Namibia are affiliated, is but one of the reasons why NBL is regarded as the leader in promoting responsible drinking in Namibia. Over the years, NBL has strengthened its involvement in targeted interventions and partnerships aimed at reducing alcohol-related harm and promoting only the responsible use of alcoholic beverages. During the year under review, our targeted campaign *Think ahead, don't drink and drive* as well as *Too young is too young* - our campaign targeting the prevention of under-age drinking - continued to grow in partnership with our various stakeholders. NBL also continued to roll out the DRINKiQ programme within the O&L Group as part of our induction programme, and amongst key external stakeholders.

Under the chairmanship of NBL, the SAIF also continued to grow, not only in terms of membership and effective self-regulation, but also in terms of harm-reduction interventions. However, a major challenge remains in balancing the debate on alcohol in society: anti-alcohol lobbyists position alcohol as the leading cause of social ills in society, rather than recognising that alcohol abuse in the country is a symptom of various underlying factors such as the increased unemployment rate and shortcomings in the education sector. SAIF has, therefore, created various platforms to stimulate balanced debate and cooperation amongst stakeholders in finding solutions to key issues such as an inadequate legislative framework and ineffective law enforcement, to name but a few. These initiatives and other efforts to have input into the National Alcohol Policy being drafted by the Ministry of Health and Social Services will continue as we strive to effectively address alcohol-related harm and contribute to establishing a society that enjoys alcoholic beverages responsibly.

Caring for the environment:

In addition to implementing internal strategies to care for the environment, NBL has over the years played a major role in promoting environmental conservation by the community. While we have maintained successful clean-up initiatives such as our Project Shine, which has continued to grow since we launched it in 2007, we have also taken major strides in supporting recycling in Namibia in line with our strategy of enhancing sustainability in everything we do. As such, NBL depots have become increasingly involved in supporting small entrepreneurs with the transportation of their recyclables to buy-back centres in Windhoek.

Furthermore, the Recycle Namibia Forum (RNF), which NBL was instrumental in establishing with various stakeholders to promote the three Rs - Reduce, Reuse, Recycle - has successfully grown its flagship project, the *Schools' Recycling Competition,* from ten participant schools in 2009 to 39 in 2012. In 2011, the Competition saw 188 567t of waste being recycled by the participating schools. In addition to leading environmental conservation in the community, NBL also made significant progress in greening its internal operations through its expansion projects. These included the installation of a new ammonia (NH3) cooling circuit as well as a new boiler system, which significantly enhances efficiency and reduces our carbon footprint.

Caring for our community:

In March 2012, NBL crowned its second annual Windhoek Lager Ambassador. This competition not only celebrates Namibians who have made a positive contribution to society, it also ensures that, each month, a Namibian charity which enhances the lives of Namibians receives a charitable donation to further their objectives.

Amongst the projects which have benefited are the Dr Helena Ndume Eye Clinics, which conduct eye operations for underprivileged Namibians to restore their sight, and basic feeding projects such as the Helping Hands Soup Kitchen, and the Organisation for the Empowerment of Widows/Widowers and Orphans of HIV and AIDS in Namibia (OEWONA).

In living our Purpose of *Creating a future, enhancing life,* NBL's Windhoek Draught also embraced a strong element of giving back to the community. Men-on-the-side-of-the-Road, a charity which trains unemployed men and gives them access to the job market, received a N$250 000 donation to further their training programmes.

As a developing country with a large income disparity, food security is still a major challenge in many rural communities. As such, the O&L Group hosted its second *Oshitemo* initiative in February 2012 in the Okavango Region to promote food production and community volunteerism. *Oshitemo* is a cultural practice whereby the community participates in weeding the land of the Traditional Authority to ensure a better harvest and, in so doing, supports the relevant Authority in making food available to households in need. The business also supported the Tusano Project for People Living with HIV and AIDS. The assistance came by way of sponsoring water installation works at 14 project sites, thereby enhancing food security through agriculture.

Furthermore, NBL continued to alleviate the plight of orphans and other vulnerable children through its role as a business partner to the Dr Christina Swart-Opperman AIDS Orphan Foundation Trust (CSO), which provides children in various parts of the country with necessities such as food, shelter and clothing. With our support, CSO enhances the well-being of these children by paying their school fees, purchasing school uniforms and stationery, and taking care of their health, allowing them the opportunity to live a better life despite the fact that many of them have lost their parents due to AIDS.

In addition to supporting the Cancer Association of Namibia by again sponsoring their awareness-raising activities that help combat the spread of cancer through early detection and prevention, the business also supported the AB May Cancer Care Centre, the country's only full cancer treatment facility.

The reporting year not only saw our contributions in cash and kind increasing, therefore, but also enhanced our levels of employee engagement.

Hangana Seafood

Situated in Walvis Bay, Hangana Seafood is an ardent supporter of the community in and around the coastal town and the Erongo Region at large. During the reporting period, Hangana assisted with fish donations for a variety of projects at the Welwitschia Old Age Home, the Face of Namibia, the Erongo Regional Trust, the Ministry of Education, the Kerklike Maatskaplike Raad, the Jasaja Men's League, the Mission to Seafarers, the Dutch Reformed Church, West Coast FM, the Flamingo Primary School, and to orphans & vulnerable children with a memorable Children's Christmas party in December 2011. A donation of 400 apples in conjunction with the Cancer Association of Namibia in June 2012 was made to various old age homes. Because Hangana believes in being there for the community that supports them and in which they operate, they have concentrated on projects in their area that deserve their assistance.

Broll and List Property Management Namibia

During the year under review, Broll and List Property Management Namibia (Broll) supported various old age homes and the Society for the Prevention of Cruelty to Animals (SPCA) through its Corporate Social Investment Programme.

Wernhil Park, one of the properties managed by Broll, hosted a Christmas party for the elderly at the Katutura Old Age Home in Windhoek, the Annelie Olivier Old Age Home in Rehoboth, and the Namibië Christelike Vroue Hulp Foundation in Windhoek.
Broll further donated shade netting that was previously used at the old parking bays of Wernhil Park to the SPCA.

Namibia Dairies

Our corporate social responsibility programme at Namibia Dairies is about empowering Namibians to grow socially and economically. The growth of our business is imperative for us to move forward. In our distribution of assistance, therefore, we target vulnerable and disadvantaged communities, especially charity and welfare organisations that have the best interests of our less privileged children and adults at heart.

Namibia Dairies was at the forefront in providing humanitarian aid by way of *AquaSplash* water to the communities of Aussenkehr in southern Namibia when the banks of the Orange River burst and severely affected the community that lives there, leaving them stranded without water suitable for human consumption.

Similarly, Namibia Dairies responded promptly with bottled drinking water when floods left people in northern Namibia homeless.

Namibia Dairies also donated juice to all state hospitals in Namibia. The donation was formally accepted by the Minister of Health and Social Services. As part of our progressive corporate social investment initiative, Namibia Dairies has in excess of 22 charitable organisations countrywide that are regular recipients of our Nammilk products such as *Oshikandela, Omaere, Oshitaka* and yoghurts, as well as Windhoek Schlachterei's processed meat products. In total, 23 909 products were donated to Namibian charitable and welfare organisations during the year under review.

Pick n Pay Namibia

Pick n Pay is committed to giving back to the communities in which it operates. Pick n Pay is one of the main sponsors of the annual *Cycle Classic* on the national calendar. The event promotes healthy living through cycling, and at the same time raises money to support needy causes.

Pick n Pay Namibia also supports the Cancer Association of Namibia. During the year under review, assistance was granted to the Association to commemorate Cervical Cancer Awareness Month in September and Breast Cancer Awareness Month in October. In addition, Pick n Pay donated 1 800 cupcakes that the Association sells to various organisations and businesses to raise funds for cancer patients suffering from breast and cervical cancer. Other initiatives included food donations to the Friends Against Poverty Group, an organisation that helps people who live at the Kupferberg rubbish dump outside Windhoek, and a fruit donation towards the official 22nd Namibian Independence celebrations hosted in Mariental in 2012.

CARING FOR THE **ENVIRONMENT**

CARBON FOOTPRINT

The Group is aware of the impact its activities have on the environment and, in particular, how this contributes to climate change. In addition, the significant increase in the cost of electricity and fuel prompted the Group to embark on a campaign to implement initiatives to curb these increases. The following are some of the milestones that were reached in this respect during the year under review:

- Further investment in and upgrading of adequate electrical consumption monitoring equipment
- The approval of an Energy Management System for the *Retail* segment to monitor and improve energy consumption behaviour,
- New energy-efficient cooling and heating facilities and equipment in the *Beer and soft drinks* segment.

A strategic plan has also been developed to further curb the increase in electricity and energy 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 solar energy equipment
- Installing heating optimisation equipment, including heat recovery systems
- Considering a biogas plant for the !Aimab Superfarm
- Installing effluent water treatment facilities in order to curb the anticipated significant increase in water tariffs.

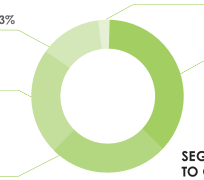
PRODUCT CONSUMED	2012	2011	2010	2009
Water (m³)	1 360 000	1 435 283	1 472 604	1 189 802
Diesel and petrol (l)*	7 424 232	5 049 224	7 808 147	9 771 585
Heavy fuel oil (HFO) (l)	5 540 131	6 375 490	6 283 486	4 494 182
Electricity (kWh)	62 571 210	56 908 740	50 492 166	49 322 782

Water and energy resource consumption, 2009-2012

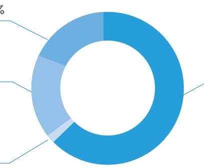
* *Excludes fuel for chartered fishing vessels and outsourced transport*

The increase in electricity consumption can be attributed to the addition of new facilities in the *Beer and soft drinks* segment, including a new water treatment plant, new battery charging facilities for forklifts, new cooling facilities, and additional packaging equipment to cater for production increases. There has also been an increase in activities in the *Retail* sector's service areas. The increase in fuel consumption was due to additional trips by fishing vessels as a result of poor catches during the latter part of the 2012 financial year.

The Group's carbon footprint is dominated by electricity consumption in its manufacturing and retail operations, heavy fuel oil used in generating heat in the *Beer and soft drinks* and *Fresh produce* segments, and blended fuel consumption in the *Fishing* segment.



SEGMENT CONTRIBUTION TO CARBON FOOTPRINT 2012



CARBON FOOTPRINT CONTRIBUTORS 2012

Total carbon footprint (scope 1 and 2 elements of the Greenhouse Gas Protocol) for the Group is approximately 96 600t of carbon dioxide equivalent per annum.

The Group is confident that its water and energy consumption are within - and, in some cases, well below - industry benchmarks, and it will continuously strive to lower these levels. Water savings measures are in place in most sectors, while significant effluent water treatment and recycling facilities are planned for the *Beer and soft drinks* sector. Hangana Seafood also already operates its own sea water desalination plant at the coast.

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. Efforts are also made to utilise organic waste. Spent grain at NBL is used as cattle fodder at the !Aimab Superfarm, for example, and dairy organic 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.

SUSTAINABLE **FISHERIES**

The Group, through its subsidiary in the *Fishing* segment, Hangana Seafood, has committed itself to sustainable fisheries by supporting the guidelines set down by the Ministry of Fisheries and Marine Resources. During April 2012, the Minister of Fisheries and Marine Resources announced a decrease from 180 000 t to 170 000 t in the Total Allowable Catch (TAC) for hake in the 2012–2013 fishing season. The 2011–2012 TAC allocation was aggressive and the reduction in TAC is now more in line with scientists' recommendations.

The sea surface temperature off Namibia kept within or above average for most of 2012, and oxygen levels were normal, the Ministry reported. The Ministry's scientists are, therefore, of the opinion that conditions remained generally favourable for spawning as well as for the survival and growth of fish stocks during the 2011-2012 fishing season.

The Ministry is committed to sustaining employment in and the economic viability of the fishing industry in Namibia. To prevent overfishing, however, the Ministry issues rights of exploitation, fishing vessel licences, TACs in certain fisheries, individual catch quotas, and closed seasons.

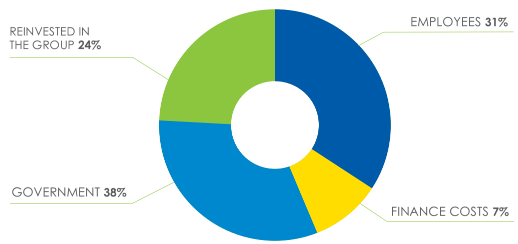
The Ministry's overall objectives are to promote and regulate the responsible and sustainable utilisation of living marine and freshwater resources and aquaculture within the context of environmental sustainability. The strategies being applied to attain these objectives, as stipulated in Vision 2030, are as follows:

- October closure to allow uninterrupted spawning of hake
- Setting TACs at a conservative level in order to promote the sustainability of resources and to enhance the recovery of depleted stocks
- Adopting and implementing all policies and programmes in support of sustainability and equity
- Developing strategies that create incentives for fishing companies to adopt more sustainable fishing practices
- Utilising the services of expert consultants to assist Government fisheries scientists in setting their estimates for TACs
- Continuing the involvement of outside researchers in respect of the functioning of the marine environment and of marine biodiversity, and
- Developing new ways of adding value to Namibia's marine products.

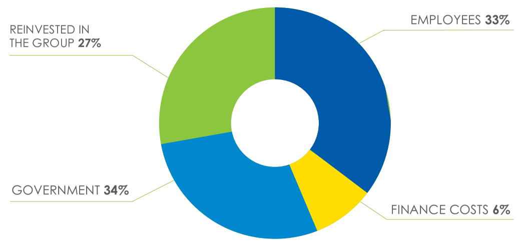
GROUP VALUE ADDED STATEMENT

		2012 N$ '000	2011 N$ '000
WEALTH CREATED			
Value added by operating activities			
Revenue		4 133 899	3 546 975
Paid to suppliers for materials and services		(2 189 817)	(1 869 900)
		1 944 082	1 677 075
Value added by investing activities			
Investment income		24 829	23 889
Fair value gains on investment property		111 674	145 486
Share of loss from equity accounted investments		(90 515)	(69 549)
		45 988	99 826
Total Wealth Created		**1 990 070**	**1 776 901**
WEALTH DISTRIBUTED			
To Pay Employees			
Salaries, wages, medical and other benefits		616 440	582 705
To Pay Providers of Capital			
Finance costs		134 087	103 062
To Pay Government			
Income tax		96 784	92 422
Additional amounts collected on behalf of central and local government	Note 1	661 790	513 473
		758 574	605 895

	2012 N$ '000	2011 N$ '000
To be retained in the business for expansion and future wealth creation:		
Value reinvested		
Depreciation and amortisation	149 003	131 860
Deferred tax	70 907	63 527
	219 910	195 387
Value retained		
Profit for the year attributable to owners of the parent	108 550	141 188
Non-controlling interest Non-controlling interest	152 509	148 664
	261 059	289 852
Total Wealth Distributed	**1 990 070**	**1 776 901**
Notes to the Value Added Statement:		
1. Additional amounts collected on behalf of central and local government		
Quota levies	5 841	10 334
Rates and taxes paid on properties	7 841	7 307
Customs and excise duties	555 635	435 075
Net Value Added Tax	(6 141)	(9 621)
Pay-as-you-earn tax (PAYE) deducted from remuneration paid	93 587	68 194
Non-resident shareholders' tax (NRST) deducted from dividends paid	3 864	2 184
Withholding tax on services	1 163	-
	661 790	**513 473**



WEALTH DISTRIBUTION 2012



WEALTH DISTRIBUTION 2011

4763

EMPLOYEES AT 30 JUNE **2012**

4860

EMPLOYEES AT 30 JUNE **2011**

SEVEN YEAR REVIEW

	2012 N$'000	2011 N$'000	2010 N$'000	2009 N$'000	2008 N$'000	2007 N$'000	2006 N$'000
Consolidated Statements of Comprehensive Income							
Revenue	4 133 899	3 546 975	3 356 004	3 119 358	2 639 004	2 235 467	1 864 282
Operating profit after fair value adjustments	628 523	594 523	360 749	332 423	315 710	266 145	84 959
Finance costs	(134 087)	(103 062)	(89 957)	(82 255)	(100 823)	(90 770)	(82 510)
Share-based payment expense	-	-	(54 949)	-	-	-	-
Share of (losses)/profit from equity accounted investments	(90 515)	(69 549)	(88 046)	(38 967)	(4 437)	(1 046)	(140)
Income from investments	24 829	23 889	21 687	23 315	37 948	37 386	27 787
Profit before taxation	428 750	445 801	149 484	234 516	248 398	213 807	30 096
Taxation	(167 691)	(155 949)	(88 199)	(93 563)	(71 996)	(63 808)	(28 020)
Profit for the year	261 059	289 852	61 285	140 953	176 402	277 615	2 076
Other comprehensive income for the year, net of tax	134 262	128 967	34 849	23 226	144 378	20 065	8 020
Total comprehensive income for the year	395 321	418 819	96 134	164 179	320 780	297 680	10 096
Profit attributable to:							
Owners of the parent	108 550	141 188	(50 858)	30 874	76 917	194 331	(55 422)
Non-controlling interest	152 509	148 664	112 143	110 079	99 485	83 284	57 498
	261 059	289 852	61 285	140 953	176 402	277 615	2 076
Total comprehensive income attributable to:							
Owners of the parent	238 358	236 883	(17 461)	53 853	177 426	214 359	(47 445)
Non-controlling interest	156 963	181 936	113 595	110 326	143 354	83 321	57 541
	395 321	418 819	96 134	164 179	320 780	297 680	10 096

	2012 N$'000	2011 N$'000	2010 N$'000	2009 N$'000	2008 N$'000	2007 N$'000	2006 N$'000
Consolidated Statements of Financial Position							
Property, plant and equipment	2 215 497	1 925 782	1 676 672	1 534 137	1230 472	973 892	884 874
Investment property	1 109 364	980 758	376 877	230 144	284 794	276 394	247 260
Intangible assets	17 587	17 563	16 345	11 721	17 670	23 157	25 377
Deferred taxation	37 201	50 270	61 015	64 670	87 468	111 234	18 477
Non-current investments	29 364	26 928	3 968	16 257	49 851	61 451	99 529
Non-current derivative financial instruments	-	-	-	-	9 724	2 340	-
Non-current biological assets	33 276	30 955	34 467	32 021	23 319	27 130	25 180
Non-current trade and other receivables	42 377	45 068	28 424	27 292	27 986	25 706	17 036
Non-current related parties	100 605	106 352	159 519	34 521	-	-	-
Current assets	1 095 102	937 363	903 807	990 998	882 385	813 141	606 370
Non-current assets classified as held for sale	23 934	5 796	4 529	4 505	-	-	-
Total assets	4 704 307	4 126 835	3 265 623	2 946 266	2 613 669	2 314 445	1 924 103
Equity attributable to owners of the parent	1 260 429	1 034 790	801 586	764 070	713 952	540 261	325 903
Non-controlling interest	745 389	654 435	541 201	493 478	440 511	341 837	295 731
Deferred taxation	438 192	386 202	299 032	280 069	252 037	208 901	169 648
Non-current interest-bearing borrowings	1 306 622	1 073 685	669 860	423 245	444 223	302 150	382 310
Deferred income	-	-	135	18 076	993	777	-
Non-current provisions	37 397	32 052	31 703	30 963	12 266	11 316	10 926
Non-current trade and other payables	2 825	2 495	2 110	-	-	-	1 098
Non-current derivative financial instuments	2 555	1 158	-	-	-	-	-
Non-current related parties	14 149	9 139	-	43 789	44 496	30 387	1 625
Current liabilities	896 749	932 879	919 996	892 576	705 191	878 816	736 862
Total equity and liabilities	4 704 307	4 126 835	3 265 623	2 946 266	2 613 669	2 314 445	1 924 103

FINANCIAL REVIEW

Despite a substantial slowdown in the economy, the Group delivered a solid performance during the 12 months ended 30 June 2012, which can once again be attributed to the Group's diversity. The worse than expected performances of O&L Leisure, Namibia Dairies and Kraatz Marine were offset by exceptional performances in the Property portfolio, Namibia Breweries, Hangana Seafood, and Model Pick n Pay.

The information below should be read in conjunction with the annual financial statements for the year ended 30 June 2012, as set out on the accompanying CD.

GROUP **OPERATING PERFORMANCE**

Salient features

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

	% Increase	2012 N$'000	2011 N$'000
Revenue	+16,6%	4 133 899	3 546 975
Operating profit	+15,0%	513 825	446 738
Loss on non-current assets held for sale		-	(292)
Fair value adjustments	-22,5%	114 698	148 077
Operating profit after fair value adjustments	+5,7%	628 523	594 523
Share of net losses of associate and joint ventures	+30,1%	(90 515)	(69 549)
Net finance costs	+38,3%	(109 258)	(79 173)
Profit before taxation	-3,8%	428 750	445 801
Taxation	+7.5%	(167 691)	(155 949)
Profit for the year	-9,9%	261 059	289 852

REVENUE

Group revenue increased by 16,6% compared with the previous year. This is mainly attributable to revenue growth for Namibia Breweries (20,2%), Hangana Seafood (24,8%) and Model Pick n Pay (14,2%).

OPERATING PROFIT AFTER FAIR VALUE ADJUSTMENTS

Operating profit after fair value adjustments increased by N$34,0 million, or 5,7%, to N$628,5 million for the year under review. Despite operating profit increasing by 15,0% in line with the increase in revenue, fair value adjustments for the year decreased by 22,5%. Fair value gains on the revaluation of investment property decreased from N$145,5 million in 2011 to N$111,7 million for the reporting period. The high fair value gains in 2011 can be attributed to a number of large projects that were substantially completed during that year, mainly Wernhil Park Phase 3 and Alexander Forbes House.

Operating profit for Namibia Breweries increased by 14,3% from N$375,3 million in the 2011 reporting year to N$429,0 million for its 2012 counterpart. The principal cause of the increase was the rise in domestic sales volumes as well as the realisation of cost-saving initiatives.

Namibia Dairies' operating profit after fair value adjustments decreased by N$23,7 million, namely from a profit of N$17,2 million in the previous financial year to a loss of N$6,5 million for the 2012 reporting period. The lower profitability was largely due to greater pressure being exerted on revenue as a result of aggressive market entry strategies from new competitors, and increased discounts granted due to the Infant Industry Protection on UHT milk that fell away during the 2012 review period. Other challenges included the performance of the !Aimab Superfarm, which was adversely affected by a significant rise in feed costs - in turn impacting negatively on overall performance.

Hangana Seafood contributed N$28,5 million to operating profit in the year under review, compared with N$5,6 million in the previous year. This outstanding performance can be attributed to increased sales, increased quota and catch rates, and a favourable exchange rate.

The Property portfolio contributed N$187,6 million (2011: N$196,7 million) to operating profit after fair value adjustments during the 2012 financial year. Included in operating profit after fair value adjustments are fair value gains of N$106,0 million (2011: N$143,0 million) on the revaluation of investment property. Therefore, profit from operations (excluding fair value gains) escalated by 52%, namely from N$53,7 million to N$81,6 million during the year under review. The fair value gains can mainly be attributed to net valuation increases for the

Wernhil Park Shopping Centre (the Wernhil Park Phase 3 development was finalised during the 2012 reporting year) and Alexander Forbes House (a capitalisation rate decrease affected valuations positively).

Model Pick n Pay delivered yet another solid performance during the year under review, contributing N$20,7 million to operating profit in 2012, compared with N$15,2 million for 2011. The surge can be ascribed to a gain in market share, as reflected in the 14,2% increase in turnover compared with the previous reporting period.

Kraatz Marine's operating profit amounted to N$1,4 million in 2012, compared with N$9,2 million in 2011. The performance for the 2012 review period was below expectations due to a major downturn in the number of vessel dockings in the Marine and Offshore Business Unit, despite the exceptionally good growth in the Industrial Business Unit.

The Leisure portfolio continued to experience challenges during the year under review. Its operating loss after fair value adjustments amounted to N$11,3 million (2011: N$9,0 million). This figure included fair value gains of N$5,7 million due to the revaluation of investment property. This portfolio's profitability is expected to be turned around by an exciting new strategy currently being developed.

SHARE OF PROFITS AND LOSSES FROM ASSOCIATE AND JOINT VENTURES

The Group equity accounted a profit of N$1,8 million (2011: N$3,4 million) from Dimension Data Namibia.

The Group also equity accounted a loss of N$92,1 million (2011: N$74,9 million) from DHN Drinks (Proprietary) Limited. This significantly exceeded the budgeted loss for the year, and was driven by higher production overheads incurred by the Sedibeng Brewery and unfavourable distribution costs.

FINANCE COSTS

The net finance cost total of N$109,3 million for the year under review represents an increase of N$30,1 million from the previous period. A significant factor contributing to this position was the escalation in interest-bearing borrowings driven by further investments in operations.

PROFIT BEFORE TAXATION

The Group saw a 3,8% drop in profit before taxation, namely by N$17,0 million, from N$445,8 million in the 2011 financial year to N$428,8 million for the 2012 period.

TAXATION

The 2012 financial year's taxation charge amounted to N$167,7 million (2011: N$155,9 million), while the effective taxation rate rose to 39,1% (2011: 35,0%). This high rate is associated mainly with the share of losses in joint ventures. 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$577.5 million, namely from N$4 126.8 million in the 2011 financial year to N$4 704.3 million in the year under review.

Property, plant and equipment increased by N$289,7 million, up from the N$1 925,8 million recorded for the 2011 reporting year to N$2 215,5 million for its 2012 counterpart. Capital additions overall amounted to N$324,0 million for the 2012 financial year (2011: N$395,1 million), which largely constituted the capital additions for Namibia Breweries which alone amounted to N$209,4 million (2011: N$263,6 million). The latter additions include a new ultrafiltration and reverse osmosis water-treatment plant, a cross-flow filter, a tunnel pasteuriser, upgrading of the boiler house, a wrap-around packer, returnable bottles, and an ammonia plant upgrade. Other significant contributors were Hangana Seafood, which invested N$44,2 million during the year under review. This included an investment in Nienstedt food-shaping technology of N$17,1 million, and vessel refits of N$21,3 million.

The 2012 financial year saw Investment property surge by N$128,6 million, from N$980,8 million in 2011 to N$1 109,4 million for the 2012 financial year. The upsurge is principally a result of fair value gains of N$111,7 million on the revaluation of investment property, and a further investment of N$23,2 million in the Wernhil Park Shopping Centre.

The Related party receivable balances rose by N$45,0 million from the previous reporting year. The rise can be ascribed to an additional N$46,8 million advanced to DHN Drinks (Proprietary) Limited, which brought the 2011 total of N$300,8 million to N$347,6 million for the 2012 financial year.

The 2012 reporting period total of N$327,6 million for Inventories represents an increase of N$58,9 million in comparison with the 2011 financial year. Some N$52,1 million of this gain is associated with the Namibia Breweries inventory, which relates mainly to high stock-in-transit balances and greater stocks of finished product.

Total Interest-bearing borrowings rose by N$126,5 million from the 2011 financial year to N$1 485,8 million in the 2012 reporting period. This rise can mainly be attributed to an increase in interest-bearing debt of N$80,0 million for Namibia Breweries as well as preference shares valued at N$51,0 million issued by NBL Investment Holdings (Proprietary) Limited.

CASH FLOW

Cash flow from operating activities decreased from N$400.0 million in the 2011 financial year to N$367.7 million in its 2012 counterpart.

The net cash spent in investing activities decreased from N$615.1 million in the previous reporting period to N$440.3 million for the year under review. The decrease is a result of lower investments made in Property, plant and equipment as well as in Investment property.

Cash and cash equivalents amounted to N$131,0 million for the reporting period (2011: N$132,8 million).

DIVIDENDS

The Company declared a dividend of 68c per share on 30 June 2012 (2011: 68c).

Günther Hanke
Group Financial Director

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 62.

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, and to adequately safeguard, verify and maintain 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 have 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 27 September 2012 and signed on its behalf by:

Sven Thieme
Executive Chairman

Peter Grüttemeyer
Chief Executive Officer

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 pages 64 and 65, which comprise the statements of financial position as at 30 June 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED 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 2012, 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

DELOITTE & TOUCHE
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per J Kock
Partner
Windhoek, 27 September 2012

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: VJ Mungunda (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 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 2012 was N$108,6 million (2011: N$141,2 million). The results of the Company and the Group are fully set out on the accompanying CD.

DIVIDENDS
An ordinary dividend of 68c per share was declared in respect of the year under review (2011: 68c per share).

CAPITAL **EXPENDITURE**
Capital expenditure on property, plant and equipment during the year amounted to N$324,0 million (2011: N$395,6 million), of which N$305,7 million (2011: N$356,1 million) was in respect of plant, equipment and operating assets, and N$18,3 million (2011: N$39,5 million) for land and buildings.

Capital expenditure on investment property of N$31,6 million (2011: N$142,5 million) was incurred during the year under review.

DISPOSAL OF SUBSIDIARY
The Group sold its subsidiary Kilimanjaro Trading (Proprietary) Limited as a going concern on 1 February 2012 to Ondero Investments (Proprietary) Limited, a company which has vast experience in the franchise industry.

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 2012 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 3.

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.

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.

Sven Thieme and Founding Father and Former President of the Republic of Namibia, Dr. Sam Nujoma at the Third Annual Epia Conference in Windhoek.

GROUP REFERENCE INFORMATION

OHLTHAVER & LIST CENTRE
PO Box 16, Windhoek
Tel: 207 5111
Fax: 234 021
www.ohlthaverlist.com

NAMIBIA BREWERIES LIMITED
PO Box 206, Windhoek
Tel: 320 4999
Fax: 263 327
www.nambrew.com

HANGANA SEAFOOD
PO Box 26, Walvis Bay
Tel: 064-218 400
Fax: 064-218 480
www.hangana.com

NAMIBIA DAIRIES
P/Bag 11321, Windhoek
Tel: 299 4700
Fax: 299 4701
www.ohlthaverlist.com

MODEL PICK N PAY
PO Box 2200, Windhoek
Tel: 296 4500
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www.ohlthaverlist.com

DIMENSION DATA NAMIBIA
PO Box 16, Windhoek
Tel: 373 300
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www.dimensiondata.com

BROLL NAMIBIA
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www.brollnamibia.com.na

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Fax: 064-206 848
www.kraatzmarine.com

KRAATZ STEEL
PO Box 317, Walvis Bay
Tel: 064-207 620
Fax: 064-206 817
www.ohlthaverlist.com

EROS AIR
PO Box 16, Windhoek
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ANNUAL REPORT 2012 PRODUCTION

Production and editing
Ohlthaver & List Centre
The Word Factory

Design and layout
DV8 Saatchi & Saatchi

Printing and binding
John Meinert Printing

NOTICE TO **SHAREHOLDERS**

Notice is hereby given that the 64th Annual General Meeting of the shareholders of the Company will be held in the Werner List Boardroom, Ohlthaver & List Centre, Windhoek, on Friday, 7 December 2012 at 08h30 for the following purposes:

- To receive and consider, and if approved, adopt the Annual Financial Statements and the Report of the Auditors for the year ended 30 June 2012 as submitted, and to confirm all matters and things undertaken and discharged by the Directors on behalf of the Company.
- To elect Directors in the place of Messrs P Grüttemeyer, G Hanke, UM Stritter and HE List, who retire by rotation in accordance with the Company's Articles of Association but, being eligible, offer themselves for re-election.
- To confirm the appointment of Directors since the previous Annual General Meeting.
- To approve the Directors' remuneration as set out in the financial report.
- To authorise the Directors to determine the auditor's remuneration.
- 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.
- To transact such other business as may be transacted at an Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or 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 not less than 48 hours prior to the time for the holding of the meeting.

By order of the Board
Ohlthaver & List Centre (Pty) Ltd
Company Secretary

Windhoek
27 September 2012

NOTES

PROXY FORM

for the 64th 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 Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 64th 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, 7 December 2012 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'			
P Grüttemeyer			
G Hanke			
UM Stritter			
HE List			
3. Confirmation of Director's appointment since previous Annual General Meeting			
4. Directors' remuneration			
5. Auditors' remuneration			
6. General authority to the Directors to allot and issue shares			

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

Signed at ______________ this ________ day of ____________ 2012.

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, on a poll, to vote in his/her stead.

2. Shareholders who wish to appoint proxies must lodge their proxy forms at the registered office of the Company not later than 48 hours prior to the time of holding the meeting.

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

SINCE 1919
Ohlthaver&List GROUP
CREATING A FUTURE, ENHANCING LIFE

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