



Nampak
packaging excellence

Integrated Annual Report 2011

Nampak's management structure

The Nampak group is managed according to raw material and product type in South Africa and according to geography in the rest of Africa and Europe.

The underperforming businesses in South Africa which were disposed of in the last two years are included in continuing operations for financial information but have not been included in non-financial information. The European paper businesses which were sold in 2011 are reflected as discontinued operations.

Nampak's reporting approach

This report is Nampak's first integrated annual report and as such provides Nampak's initial steps into the group's integrated reporting journey and builds on the disclosures provided in the group's 2010 annual report. This is in line with Nampak's incremental approach to reporting on non-financial performance, whereby it aims to provide greater detail on material economic, social and environmental indicators year-on-year.

The board recognises that the group has some way to go before it can report against a set of issues material to stakeholders.

Nampak aims to achieve the highest standards in all the disclosures included in this report in order to provide relevant, accurate, complete, transparent and material information to stakeholders. The board and board committees were actively involved in finalising disclosures made in this report.

Nampak has commenced collecting non-financial data from its operations in the rest of Africa.

Scope and boundary of the report

The information in this report covers the group's performance for the year ended 30 September 2011. However, where it is informative to add information post 30 September 2011, this has been included and noted.

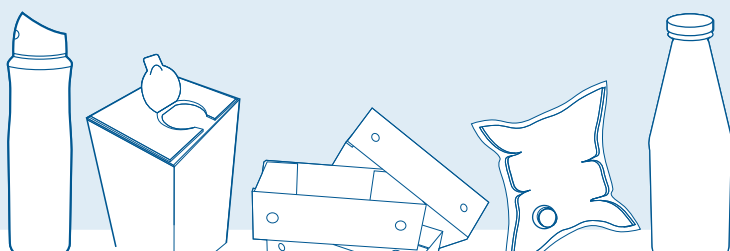
Since the release of Nampak's annual report for the year ended 30 September 2010, the main change to the structure, ownership of products and services of the organisation has been the disposal of a number of underperforming operations, in particular the sale of the European paper businesses which are classified as discontinued operations in this report. Where restatements have been made, these have been indicated in the report.

The majority of the content contained in this report is relevant to all divisions of Nampak in South Africa, the rest of Africa and Europe. Some information, such as the reporting on broad-based black economic empowerment (B-BBEE) and HIV/Aids pertains to the group's South African operations. Exclusions to the scope are noted in the relevant sections of the report.

The information included in the integrated annual report has been provided in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act 2008, the JSE Listings Requirements, the King Code of Governance Principles for South Africa 2009 (King III) and the guidance provided in the Integrated Reporting Committee of South Africa's Framework for Integrated Reporting.

The Global Reporting Initiative (GRI) G3.1 guidelines were used in the preparation of this report. Nampak has self-declared the group's reporting as a C level report according to these guidelines.

The financial statements contained in this report have been independently assured by Deloitte & Touche. However, the non-financial indicators contained in this report have not been independently assured. The board is satisfied with the group's oversight relating to these disclosures. References to supporting information are provided throughout the report.

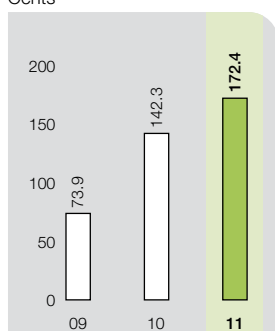


Nampak contributes to enriching peoples' lives through the provision of innovative quality products. The growth and prosperity of employees and the communities in which the group operates is central to its operations. The reduction of packaging waste and the group's impact on the environment are considered critical for the future sustainability of the group.

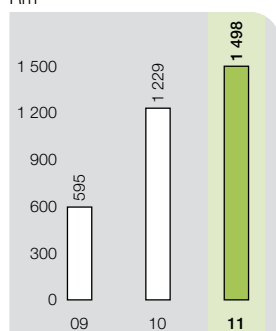
2011 highlights

- Headline earnings per share from continuing operations increased by **21%** to 172.4 cents
- Operating profit increased by 22% to **R1.5 billion**
- We expanded our footprint in Africa by opening a beverage can factory in Angola
- Nampak Plastics Europe introduced a new lightweight milk bottle which will benefit the environment
- The group retained its Empowerdex **level 4** B-BBEE rating
- **R6.6 billion** of wealth was created
- Nampak is a JSE SRI constituent
- In southern Africa **70%** of used beverage cans are collected and recycled
- Nampak Wiegand Glass used **45%** cullet
- Nampak Recycling collected **221 000 tons** of waste paper
- Nampak Polycyclers converted **5 050 tons** of recycled polyethylene into crates, refuse bins and buckets
- The disabling injury frequency rate fell from 1.65 in 2010 to **1.24** in 2011 which was below the target of 1.50

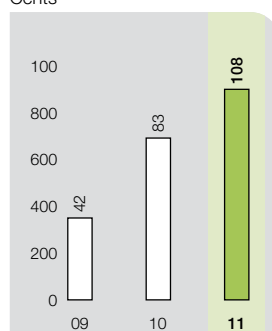
Headline earnings per share (continuing)
Cents



Operating profit (continuing)
Rm



Dividend/cash distribution per share
Cents



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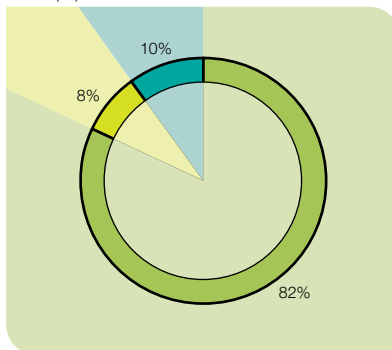
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Nampak's business

Nampak is Africa's largest packaging manufacturer and has been listed on the Johannesburg Stock Exchange since 1969. In South Africa we manufacture packaging products from metal, glass, paper and plastics which are supplied to a wide range of customers. We are also a leading producer of toilet tissue and related products.

- In the rest of Africa we have manufacturing operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, Zambia and Zimbabwe.
- We are the major supplier of plastic bottles to the dairy industry in the United Kingdom.
- Collection and recycling of all types of used packaging is of the utmost importance and is a core strategic activity.
- Our world-class research and development facility based in Cape Town provides technical expertise and support to our businesses as well as to our customers. *(refer to pages 54 and 55 for more details on our capability)*
- The corporate office is based in Sandton, South Africa.

Geographical revenue (continuing)
Sales (%)



● South Africa ● Rest of Africa ● Europe

Where we operate



South Africa

Metals and glass

Bevcan
Collecta-Can 50%
DivFood
Nampak Wiegand Glass 50%

Paper and flexibles

Cartons and Labels
Corrugated
Flexibles
Sacks

Plastics

Closures Megapak
Elopak 50% Petpak
Liquid Tubes

Tissue

Nampak Tissue
Sancella 50%
Nampak Recycling

Group services

Nampak Management Services
Research and development

Rest of Africa and Europe

Rest of Africa

Angola

Angolata 70%

Botswana

Nampak Liquid Botswana

Ethiopia

Ethiopian Crown Cork 25%

Kenya

Nampak Kenya
Bullpak 49%

Malawi

Packaging Industries Malawi

Mozambique

Crown Cork Mozambique 50%

Namibia

Nampak Petpak Namibia

Nigeria

Nampak Metals
Nampak Cartons and Labels

Swaziland

Nampak Corrugated
Swaziland 90%

Tanzania

Nampak Tanzania

Zambia

Nampak Zambia

Zimbabwe

Carnaud Metalbox Zimbabwe
Hunyani Holdings 39%
Megapak Zimbabwe 49%

Europe

Nampak International

Isle of Man

Nampak Plastics

United Kingdom



400 Boeing

747's... the equivalent weight of metal we save annually through our reduced-weight cans



Nampak's **eco logical** thinking

Group at a glance



Metals and glass

Products

- Tinplate beverage cans
- Aluminium ends
- Two and three-piece food cans
- General line cans
- Aluminium and tinplate aerosol cans
- Tinplate closures
- Tinplate crowns
- Decorative and promotional tinware
- Glass bottles

Operating performance (continuing)

Rm	2011	2010
Revenue	5 778	5 789
Trading income	773	758
Trading margin (%)	13.4	13.1
Employees	3 267	3 318
Carbon emissions* (tonnes)	230 417	234 112

*RSA only

- Bevcan impacted by transfer of cans to Angola
- Angolan start-up costs
- Good performance from diversified canning business
- Reduced demand for glass bottles

Paper and flexibles

Products

- Corrugated boxes
- Folding cartons
- Labels
- Multi-wall sacks
- Plastic, paper and aluminium laminations
- Pouches
- Self-opening bags

Operating performance (continuing)

Rm	2011	2010
Revenue	4 797	5 001
Trading income	246	127
Trading margin (%)	5.1	2.5
Employees	3 601	4 483
Carbon emissions* (tonnes)	226 533	236 745

*RSA only

- Corrugated business returned to profit
- Excellent performance by Flexibles
- Strong demand in Nigeria

Nampak enriches peoples' lives every day through the provision of packaging that assists in the protection and storage of goods.



Plastics

Products

- HDPE bottles (milk, juice)
- Closures
- Liquid packaging cartons
- Crates
- Drums
- PET bottles (carbonated soft drinks)
- Tubes

Operating performance

Rm	2011	2010
Revenue	3 625	3 410
Trading income	327	253
Trading margin (%)	9.0	7.4
Employees	2 245	2 314
Carbon emissions* (tonnes)	176 427	184 139

*RSA and UK

- Increased sales of long-life milk bottles
- New short-neck closure introduced
- Sale of tubs business
- New light-weight bottle introduced in the UK

Tissue

Products

- Toilet tissue
 - one-ply
 - two-ply
- Disposable nappies
- Facial tissue
- Feminine hygiene products
- Incontinence products

Operating performance

Rm	2011	2010
Revenue	1 619	1 575
Trading income	129	184
Trading margin (%)	8.0	11.7
Employees	1 053	1 082
Carbon emissions* (tonnes)	78 373	79 784

*RSA only

- Highly competitive market
- Lower demand for one-ply toilet paper
- Sales of two-ply toilet paper increased
- Invested in additional two-ply tissue capacity
- Market share gained in diapers
- Lifestyle remained market leader in liners

Independent non-executive directors

1	
2	3
4	



Independent non-executive directors

5
6



Independent non-executive directors

1 Tito Mboweni (53)

BA (National University of Lesotho); MA (University of East Anglia)

Non-executive chairman with effect from 1 June 2010. Minister of Labour from 1994 to 1998. Eighth Governor of the South African Reserve Bank from 1999 to 2009. Chancellor of the University of the North from 2002 to 2005. International adviser to Goldman Sachs and chairman of AngloGold Ashanti Limited since June 2010.

Appointed to the board in 2010.

2 Roy Andersen (63)

CA(SA); CPA(Texas)

Roy is the non-executive chairman of Murray & Roberts Holdings Limited and an independent non-executive director of Aspen Pharmacare Holdings Limited and Sasfin Holdings Limited. He is also a member of the King Committee on Corporate Governance, a Major General and Chief of Defence Reserves of the SANDF, director of Business Against Crime and The Business Trust.

Appointed to the board in 2008.

3 Dr Reuel Khoza (62)

BA Honours (Psychology), University of the North (now University of Limpopo); MA (Marketing), University of Lancaster, UK; EngD (Business), University of Warwick, UK; D of Laws honoris causa, Rhodes University

Chairman of Aka Capital (Pty) Limited, Nedbank Group, Director of Old Mutual plc and several companies in which Aka Capital (Pty) Limited has invested. Fellow and President of the Institute of Directors in Southern Africa and chairman of the NEPAD Business Foundation. Member of the King Committee on Corporate Governance. Chancellor of the University of Limpopo.

Appointed to the board in 2005.

4 Phinda Madi (47)

BProc (Unizul); EDP (HEC – Paris), EDP (Northwestern – Chicago, USA)

Non-executive director of Illovo Sugar Limited, The Spar Group Limited, Sovereign Food Investments Limited and Siyafika Recruitment. He is also the chairman of Allcare Medical Administrators (Pty) Limited and Ad Hominem Professor at Rhodes University.

He is a member of the Illovo Sugar Limited and Sovereign Food Investments Limited's remuneration committees.

Appointed to the board in 2008.

5 Disebo Moephuli (47)

BA (Economics); MBA (Financial)

Disebo is the group treasurer of Transnet. She has previously held positions at the South African Reserve Bank, Development Bank of Southern Africa, First National Bank and RMB.

Appointed to the board in 2009.

6 Nosipho Molope (47)

BSc (Med) (Wits); BCompt (Hon) (Unisa); CA(SA)

Nosipho was the chief financial officer at the Financial Services Board (FSB) from August 2005 until December 2008.

She is currently a member of the boards of Illovo Sugar Limited, Engen Limited, Mobile Telephone Networks (Proprietary) Limited, MTN Service Provider (Proprietary) Limited and MTN Business Solutions (Proprietary) Limited. She also serves on the boards of several other MTN Group Limited subsidiaries in East and West Africa.

Appointed to the board in 2007.

7 Roy Smither (66)

BCom; CA(SA)

An executive director of Tiger Brands Limited until retirement in 2006. Currently serving on the boards of Hans Merensky Holdings (Pty) Limited and Rainbow Chicken Limited, and on the Credit Committee of the First Rand Banking group.

Appointed to the board in 2006.

8 Veronica Nomfanelo Magwentshu (40)

BSc (Maths and Statistics) University of Transkei; BSc Honours in Statistics, University of Natal; MBA (GIBS) University of Pretoria

Nomfanelo is an independent adviser to various companies and a non-executive director of South African Forestry Company Limited, Peregrine Holdings Limited, Eastern Cape Development Corporation (ECDC) and Stimela Infrastructure Management Service (Proprietary) Limited. She was the chief operations officer of the 2010 FIFA World Cup organising committee and from 2002 to 2007 she held executive management positions at South African Airways.

Appointed to the board in 2011.

9 Peter Surgey (57)

BA LLB (UCT)

Peter joined Barloworld in 1983 and was appointed to that board in 1995. He was the CEO of Barloworld Coatings from 1992 to 2003 and a director of Barloworld Limited from 1995 to 2008. He is currently a trustee of the President's Trust and the Duke of Edinburgh Award. He is a non-executive director of Evraz Highveld Steel, First Uranium, Control Instruments and NCS Resins.

Appointed to the board in 2009.

Executive directors

10 Andrew Marshall (56)

Chief executive officer

BCom (Hons); MAP(Wits); Diploma in Packaging (UK Institute of Packaging)

Andrew graduated from the University of Natal, majoring in marketing and financial management. He held various management positions with AECL, then joined HiPak Plastics as sales director. He was subsequently appointed MD of HiPak then Gundle Plastics, then Kaymac Rotomoulders. He joined Nampak as MD of Petpak, then headed up the group's flexible operations. In 1999, he was appointed CEO of Oceana. He returned to Nampak as CEO in March 2009.

Appointed to the board in 2009.

11 Gareth Griffiths (58)

Chief financial officer

BCom (Rhodes); BCompt (Hons) (Unisa); CA(SA)

Gareth joined Nampak as CFO on 1 September 2009. Prior to that he served as chief financial officer of Abu Dhabi Airport Company and South African Airways and held senior executive appointments in the Bidvest group.

Appointed to the board in 2009.

12 Fezekile Tshiqi (57)

Group human resources director

BA; PGDHRM (Wits)

Fezekile was appointed divisional HR director of Nampak Tissue in 1998 and was appointed HR director, Nampak Africa region in 2002.

Appointed to the board in 2009.

Independent
non-executive
directors

	7
8	9



Executive
directors

	10
11	12



- 1 Andrew Marshall** (56) Chief executive officer
 BCom (Hons); MAP(Wits): Diploma in Packaging (UK Institute of Packaging)

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- 2 Charles Bromley** (48) Group executive: Metals and glass
 Bsc Eng (Chem)

Charles qualified as a chemical engineer in 1985 and spent the next 12 years in various senior positions at Afrox. He joined Nampak in 1997 as sales and marketing director of Bevcan. In 2000 he became managing director of Divpac and Foodcan and in 2003 was appointed director Africa responsible for several paper divisions including Nampak Tissue. In 2008 he was appointed group executive responsible for all Nampak's metals and glass businesses. He is also responsible for the beverage can operation in Angola.
- 3 Philip de Weerd** (57) Group executive: Plastics
 Bsc Eng; MBA; SEP (Stanford)

Philip joined Metal Box in 1980 and held various technical positions at Vanderbijlpark where he became general manager of the Foodcan operation. In 1990 he was appointed managing director of Foodcan and in 1997 managing director of Cartons & Labels (previously known as Printpak). In 2000 he took responsibility for all the group's rigid plastics businesses outside of Europe. He is also responsible for Nampak's operations in Malawi, Zambia and Zimbabwe.
- 4 Gareth Griffiths** (58) Chief financial officer
 BCom (Rhodes); BCompt (Hons)(Unisa); CA(SA)

Gareth qualified as a chartered accountant after serving articles at Peat Marwick Mitchell (now KPMG). He went on to hold senior executive positions in Rennie's and then the Bidvest group. More recently he was the chief financial officer of South African Airways and of the Abu Dhabi Airport Company. He joined Nampak as CFO in September 2009.
- 5 Rob Morris** (49) Group executive: Paper and flexibles
 Pr Eng; BSc Eng (Chem); BCom (Hons)

After qualifying with a degree in chemical engineering at UCT, Rob joined Unilever. He held various positions in Unilever in both South Africa and Europe before joining Nampak in 1996 as general manager of the Cartons & Labels Gauteng operations. After a period at the Cartons & Labels Cape operation he was appointed managing director of the Cartons & Labels division in 2000. In 2003 he was appointed director Africa responsible for several paper divisions and then in 2008 appointed group executive responsible for the paper and flexible packaging operations. He is also responsible for Nampak's operations in Ethiopia, Kenya, Nigeria and Tanzania.
- 6 Ephraim Msane** (49) Managing director: DivFood
 Bsc Eng (Chem)

Ephraim graduated from the University of Cape Town in 1985 and joined Unilever's food-related business in January 1986, where he held various positions culminating in his appointment as production manager. He joined Nampak in July 1995 as plant manager in the then Divpac paper products factory in Durban. Since then Ephraim has held a number of senior positions in the group, namely general manager of DivFood Port Elizabeth and Durban as well as managing director of Nampak Glass, Petpak and Megapak. He was appointed managing director of DivFood in April 2008. He is also responsible for Nampak's operation in Mozambique.
- 7 Kennedy Nzimande** (43) Managing director: Nampak Tissue
 BCom; MBA (Nyrenode)

Kennedy joined Nampak Tissue in 2004 as business transformation director and later business director for the Away from Home division. He then worked at African Bank before rejoining Nampak Tissue in his current capacity as managing director for the division. Prior to joining Tissue in 2004, Kennedy worked for Gensec Investment Bank in various capacities including private equity consultant as well as manager responsible for planning and strategy. He has extensive experience in the areas of sales and business development.
- 8 Neill O'Brien** (57) Company secretary and group legal adviser
 BProc

Neill graduated from the University of the Witwatersrand and was admitted as an attorney in 1977. He practised as an attorney for a number of years before joining AECL as a legal adviser. Neill joined Nampak as a legal adviser in 1996 and has headed up the legal, secretarial and insurance functions since 2002.
- 9 Fezekile Tshiqi** (57) Group human resources director
 BA PGDHRM (Wits)

After completing his university studies Fezekile gained experience in human resource management at large manufacturing companies which included Amalgamated Beverage Industries, Unilever and Corobrik. In 1992 he joined Adcock Ingram Pharmaceuticals as human resources manager and in 1998 was appointed divisional HR director at Nampak Tissue. In 2002 he became HR director for all Nampak's Africa operations and in 2009 was appointed to the Nampak Limited board as group human resources director.



In accordance with the JSE Listings Requirements, the following tables detail the spread of the registered shareholders as per the share registers at 30 September 2011:

	Number of shareholders	%	Number of shares	%
Ordinary shareholder spread				
1 – 1 000 shares	3 965	56.33	1 421 542	0.20
1 001 – 10 000 shares	2 031	28.85	7 090 309	1.02
10 001 – 100 000 shares	598	8.50	21 360 500	3.07
100 001 – 1 000 000 shares	341	4.84	115 750 825	16.65
1 000 001 shares and over	104	1.48	549 575 549	79.06
Total	7 039	100.00	695 198 725	100.00
Distribution of ordinary shareholders				
Banks	106	1.50	41 992 002	6.04
Close corporations	43	0.61	284 144	0.04
Empowerment trusts	2	0.03	59 226 390	8.52
Endowment funds	43	0.61	2 967 649	0.43
Individuals	5 232	74.32	12 205 270	1.76
Insurance companies	49	0.70	53 196 212	7.65
Investment companies	34	0.48	20 149 725	2.90
Medical aid schemes	25	0.36	1 953 564	0.28
Mutual funds	226	3.21	200 092 676	28.78
Nominees and trusts	753	10.70	8 125 462	1.17
Other corporations	45	0.64	704 804	0.10
Private companies	151	2.15	3 334 432	0.48
Public companies	17	0.24	239 257	0.03
Retirement funds	308	4.38	245 176 471	35.27
Share trusts	4	0.06	479 812	0.07
Treasury shares	1	0.01	45 070 855	6.48
Total	7 039	100.00	695 198 725	100.00
Non-public/Public shareholders				
Non-public shareholders	47	0.67	105 370 541	15.16
Directors and associates	42	0.60	639 156	0.09
Nampak Pension Fund	1	0.01	36 500	0.01
Treasury shares	1	0.01	45 070 855	6.48
Empowerment trusts	2	0.03	59 226 390	8.52
Share trust	1	0.01	397 640	0.06
Public shareholders	6 992	99.33	589 828 184	84.84
Total	7 039	100.00	695 198 725	100.00

			Number of shares	%
Beneficial shareholders holding 5% or more				
Government Employees Pension Fund			127 919 465	18.40
Allan Gray			85 989 879	12.37
Nampak Products Limited (Treasury shares)			45 070 855	6.48
Sanlam			31 928 905	4.59
*Red Coral Investments 23 (Pty) Limited			31 857 195	4.58
Total			322 766 299	46.42
*Red Coral Investments 23 (Pty) Limited is owned as follows:				
Aka Packaging (Pty) Limited			18 020 232	56.57
Unions: CEPPWAWU and South African Typographical Union			9 010 116	28.28
Broad-based women's grouping (National African Women's Alliance)			3 217 898	10.10
Nampak black non-executive director			321 790	1.01
Former Nampak black non-executive directors			1 287 159	4.04
			31 857 195	100.00
Fund managers holding 5% or more				
Allan Gray Asset Management			162 893 113	23.43
Public Investment Corporation			82 944 981	11.93
Sanlam Investment Management			58 656 620	8.44
Element Investment Managers			36 158 804	5.20
Total			340 653 518	49.00
	Number of shareholders	%	Number of shares	%
6% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	–	–	–	–
Public shareholders	51	100.00	400 000	100.00
Total	51	100.00	400 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			95 849	23.96
Castle, JS			64 989	16.25
Konbel (Pty) Limited			59 725	14.93
Lombard, L			39 800	9.95
Forsdick, CEE			19 900	4.98
Total			280 263	70.07
6.5% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	–	–	–	–
Public shareholders	22	100.00	100 000	100.00
Totals	22	100.00	100 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			28 700	28.70
Ian Mullne Trust			16 200	16.20
Wright, JEG			15 277	15.28
Castle, JS			10 680	10.68
Glyn, RS			8 765	8.76
Foster, DF			5 991	5.99
Total			85 613	85.61

Continued recovery and further increase in earnings



The group continued the recovery process started in 2009 and achieved a further increase in earnings in 2011. The packaging industry in South Africa was affected by generally lower consumer spending and a strong rand for most of the year.

Introduction

This is my second chairman's review since joining the board of directors of the Nampak group. I am very pleased to report that I do not regret my decision to accept the invitation by the board to join them and for my election at last year's annual general meeting of shareholders. Nampak is a great asset to its stakeholders and the broader African economy. Being the largest packaging company in Africa, Nampak is well positioned to contribute to and benefit from the expected better performance of Africa's economy going forward. The group has continued the recovery process started in 2009 and achieved a further increase in earnings in 2011. The generally lower consumer spending and currency volatility for most of the year had some impact on the packaging industry in South Africa.

We live in a world with rapidly changing governance expectations. This for the most part is good for business and stakeholders. Gone are the days when

business was a closed shop for its investors and management alone with no concern for the environment, communities and the broader stakeholder fraternity. It is within this context that Nampak has positively embraced sustainability and the application of the King III principles. Our 2011 integrated annual report (which is our first) provides a view of the group's financial and sustainability role and represents a further improvement to our reporting process.

Business environment

We live in a rapidly deteriorating global economic and financial world. While the crisis in 2007/2008 had its roots in the financial system of the United States of America, this current crisis has its epicentre in Europe. The sovereign debt crisis in Europe is made worse by the fact that eurozone governments do not seem to find speedy solutions and the longer they drag this on, the wider it spreads and the larger the debt mountain. Europe is an important



Tito Mboweni
Chairman

Sandton
23 November 2011

\$152 million

Cost of the new beverage can operation in Angola

R13.3 million

CSI spend in 2011

trading partner for South Africa and the austerity measures thus far implemented have had, and are going to further have, a negative impact on the South African economy. Indeed, in 2011, South Africa's growth rate slowed significantly at rates lower than many forecasts.

We hosted a marvellous FIFA world cup soccer tournament last year. Wherever one goes around the world there is great admiration for South Africa. Many had expected us to fail but we pulled it off. The large infrastructure projects prior to the games provided the much needed jobs boost. But the completion of those projects meant that job losses would follow. Combined with continued financial pressure on society, there has been evident reduction in consumer spending.

The manufacturing sector in South Africa is the second largest contributor to gross domestic product and currency movements for most of the year resulted in a decline in activity which

contributed to the loss of jobs. The manufacturing sector has the potential to be a major creator of jobs if the challenges it faces are dealt with and currency stability is one of the key contributors to this objective.

Demand for packaging in South Africa declined and overall volumes in our businesses were 2% below last year. The volatile rand had a negative impact on both direct and indirect exports. There was also a noticeable increase in imports of some canned food products which affected our sales of food cans. This is going to be a major challenge for us as we face an increasingly globalised market place where some of the players do not play by the rules of fair competition. Hence the importance, at least, of having a stable and predictable currency. We are well aware that achieving this objective is easier said than done.

Growth rates in the countries in which we operate in the rest of Africa were satisfactory although also lower than in

previous years. There was good demand for our products in Angola, Kenya, Nigeria and Zambia while Malawi was severely impacted by a shortage of foreign currency and some administrative issues that we are sorting out with the authorities there.

Trading conditions in the United Kingdom were steady and our plastic milk bottle business continued to grow volumes.

Strategic focus

Following the sale or closure of a number of non-performing businesses, the group is now well-placed to grow its core operations in South Africa. Capital expenditure of R676 million was invested during 2011 in support of this strategy.

The new beverage can operation in Angola which cost \$152 million was commissioned in April 2011 and will contribute to growing our turnover in the rest of Africa. We are targeting to

increase this from the current level of 8% to 25% of total group revenue within the next five years.

Health and safety

The disabling injury frequency rate improved from 1.65 to 1.24. However, we regret to report the death of a contractor who was working at one of our properties in Gauteng.

Stakeholder value creation

The board is ultimately responsible for providing supervision, guidance and direction on economic, social and environmental issues that have a potential impact on the reputation and long-term viability of the group and its stakeholders. The social, ethics and transformation committee and the risk and sustainability committee have been mandated by the board with the oversight of sustainability in the group.

Nampak is committed to creating value for all its stakeholders and during 2011 the group created R6.6 billion which was distributed among key stakeholders.

Nampak continued to invest in the communities in which it operates and during the year we spent R13.3 million in some key focus areas including bursaries for young people to attend tertiary education institutions, supporting our seven partnered-schools and providing disposable nappies to homes which care for babies affected by HIV/Aids. We also supplied 286 animal-proof bins to the Kruger National Park.

The board is mindful of the influence that packaging has on the environment and the group is committed to reducing the impact of waste packaging through recycling and producing packaging that is lighter and more environmentally friendly.

I am pleased that the group maintained its broad-based black economic empowerment level 4 contributor status as measured by Empowerdex. We continue to strive to improve this rating as part of our contribution to the transformation of the South African economy and society.

Corporate governance

The King Code of Governance Principles for South Africa (King III) aims to ensure high levels of corporate governance in South African companies. I am pleased to report that the Nampak group is committed to complying with these principles. As mentioned in this review, we have restructured the sub-committees of the board to meet the new corporate governance standards. This, our first integrated report, is also an honest attempt to follow the expected good corporate governance principles. In our company the respective roles of the chairman, the chief executive officer, chief financial officer, general management, staff and non-executive directors are well understood and appreciated.

Board of directors

Mrs Nomfanelo Magwentshu was appointed an independent non-executive director on 3 February 2011 and appointed to the audit and social, ethics and transformation committees on 27 July 2011.

During the year under review an appraisal of the board, its committees and individual directors was carried out by an independent agency. The results indicated that performance in most areas was satisfactory or met best practice. A few areas were highlighted as requiring some improvement and these have since been addressed.

Appreciation

The executive management under Mr Andrew Marshall's leadership continued to improve the group's performance and I thank them for their contribution. I have an enjoyable working relationship with them and they have ensured that I have access to the company in order to fulfil my responsibilities. I also thank all employees of the company for supporting the strategy that has placed the group on the new growth path.

I thank my colleagues on the board for their support and wise counsel and our customers, suppliers and shareholders for their continued support.

Annual general meeting

May I take this opportunity to invite all shareholders to attend the annual general meeting of the company to be held on 1 February 2012. The notice and agenda of the meeting is set out on pages 213 to 216 of this report.

Prospects

The group is now more focused and appropriately structured to participate in the growing South African economy. Our investments in the rest of Africa are expected to increasingly contribute to improving our profitability and trading margins, while our business in the United Kingdom is expected to continue contributing its share of profits and cash flow.

Improved performance



The strategy of focusing on our core businesses and of fixing, closing or disposing of those businesses which were underperforming and detracting from our overall performance continued to contribute to an improvement in our results for the year.

Despite the challenging trading conditions in 2011, I am pleased to report that we achieved a further increase in headline earnings per share, reduced our debt and improved most performance measures.

Group performance overview

- Headline earnings per share from continuing operations was up 21%
- Operating profit was up 22%
- Profit after tax from continuing operations was up 20%
- Dividend increased by 30% to 108 cents per share
- Trading profit was up 8% on 2010
- Net interest was down 37%
- Cash generated from operations was R1.7 billion
- Net gearing reduced from 32% to 10%
- Return on net assets on continuing operations improved from 19% to 20%
- A loss of R352 million was incurred on the sale of the European paper businesses but the proceeds resulted in a significant reduction in net debt

Operational summary

A detailed review of all the business segments is provided in the Operational Review on pages 20 to 26.

South Africa

– trading profit up 10%

Segment	2011	2010	%
Metals and glass	736	743	(1)
Paper and flexibles	161	59	>100
Plastics	231	152	52
Tissue	129	184	(30)
	1 257	1 138	10

Metals and glass

There was good demand for slimline beverage cans but overall sales were lower due to the transfer of some volumes to the new factory in Angola and the continued move of carbonated soft drinks from cans to PET bottles. Sales of food cans were affected by weaker demand from the fish sector. Aerosol can sales continued to grow

Andrew Marshall
Chief executive officer

Sandton
23 November 2011

21%

Headline earnings per share from continuing operations

R1.7 billion

Cash generated from operations

and additional capacity was installed. Nampak Wiegand Glass was severely affected by power supply disruptions and a reduction in market demand.

Paper and flexibles

Corrugated continued to improve and achieved a profit against losses in both 2009 and 2010. The Flexible business had an excellent year and additional capacity was installed. Demand for cartons and labels was generally weak across most sectors with the exception of the fast-food sector. Sacks experienced a difficult year with all major market segments being depressed.

Plastics

There was steady growth for plastic milk and juice bottles as well as for sorghum beer and juice cartons. Sales of plastic drums grew but reduced demand from the beverage industry resulted in lower crate sales. Sales of wine closures were affected by the higher sales of wine in bulk but plastic closures benefited from

the new 'super shorty' closure for beverage bottles. The loss-making tubs business was sold during the year.

Tissue

Sales of 2-ply Twinsaver toilet paper grew and market share was gained in the disposable diaper sector. Sales of 1-ply toilet tissue fell due to financial pressure on lower-income consumers.

Rest of Africa

– trading profit up 47%

Segment	2011	2010	%
Metals and glass	37	15	>100
Paper and flexibles	85	68	25
	122	83	47

Good performances by Kenya, Nigeria and Zambia were partially offset by start-up costs of the new beverage can factory in Angola and a weaker result from Malawi.

Europe

– trading profit down 5%

Segment	2011	2010	%
Plastics	96	101	(5)

A good performance which was affected by the costs of integrating the Four Four Two acquisition.

Strategy

Our growth strategy can be summarised as follows:

South Africa

- focus on our core operations
- grow with our major customers and the overall South African economy

Rest of Africa

- pursue significant growth opportunities

United Kingdom

- continue with successful business model

South Africa

There are a number of exciting new growth opportunities in our core operations, examples include:

- New larger sleek beverage can;
- Increased glass bottle capacity;
- Print modernisation in DivFood;
- Modernisation of food can ends;
- Increased aluminium aerosol capacity;
- New equipment for pouch manufacture;
- Increased 2-ply toilet tissue capacity; and
- New equipment for wine closures.

In addition Corrugated is expected to improve its performance still further in 2012.

Rest of Africa

With GDP growth generally in excess of 6% per annum in many countries, the rest of Africa proportionately holds the greatest opportunity for growth. Revenue is planned to increase to 25% of group total within five years. Growth opportunities include:

- Capturing a larger share of the beverage can market in Angola;
- A number of major opportunities in Nigeria;
- Expanding our range of packaging products in a number of markets;
- Building on the success of our operations in Zambia;
- Exporting Zambian manufactured liquid cartons to other African countries; and
- Increased sack capacity in Kenya.

United Kingdom

Our business in the United Kingdom is the leading supplier of plastic bottles to the dairy industry. We will continue to invest in appropriate growth opportunities.

Group structure

Over the past two years we completed the sale and disposal of 10 under-performing operations. This has resulted in a more focused group that is now well-structured to improve profitability and returns on investment with significantly lower debt.

Cost reduction

During 2011 we outsourced our internal audit function and closed the freight forwarding and clearing department. We are currently in negotiation to outsource our information technology services and this will also result in lower costs.

Management

The management team continued to perform well under difficult economic conditions and I thank them and all our staff for their efforts this past year.

Outlook

The group is now more focused. In addition we have significantly reduced our debt and we can now concentrate on growing our core businesses and expanding in the rest of Africa. We will strive to continue delivering improved performance.

Metals and glass

This segment comprises the businesses of Bevcan, DivFood and 50% of Nampak Wiegand Glass.

South Africa

Bevcan is South Africa's sole supplier of beverage cans and operates from two factories in Gauteng and one each in KwaZulu-Natal and the Western Cape. DivFood is South Africa's leading manufacturer of food cans and also produces aerosol cans and a range of general cans. These are manufactured at two factories in Gauteng, one in KwaZulu-Natal and two factories in the Western Cape.

The market for slimline **beverage cans** continued to grow and additional capacity was installed to meet demand and to extend the range into larger sizes. Demand for 330ml carbonated soft drink cans was lower due to substitution by PET bottles. Production of beverage cans in South Africa was negatively impacted by the start-up of the Angolan factory from April.

Sales of **food cans** for vegetables improved but those for fish were lower than last year due to a weaker fish catch. Fruit can volumes were also lower than last year. There was continued good demand for aerosol

cans and additional capacity was installed to meet the growing market. There was good recovery in demand for paint cans. Projects to modernise printing and ends-manufacture at the Vanderbijlpark factory were completed and will result in improved efficiencies.

Glass bottles are made at **Nampak Wiegand Glass'** two-furnace factory based at Roodekop in Gauteng.

Nampak Wiegand Glass was severely affected by a number of power supply disruptions during the year which together with the need to build stock for the January 2012 furnace rebuild has impacted on profitability. The market for glass bottles was affected by the stronger rand resulting in both increased imports of bottles and lower exports of wine bottles. Furnace 2 will be shut in January 2012 for three months to carry out a scheduled rebuild which will also result in increased capacity.

Rest of Africa

Operations in Angola, Kenya, Mozambique, Nigeria, Tanzania, Zambia and Zimbabwe.

The beverage can operation in **Angola** commenced production in April 2011 and is operating at expected efficiency levels. Cans were supplied to both beer and carbonated soft drink customers and imports from South Africa were phased out as production increased. A trading loss of R48 million was incurred for the year.

A strong agricultural season in **Kenya** contributed to a good result for the operation which produces mainly food cans for the export of fruit and vegetables.

The operation in **Nigeria** had a good year with increased demand across most market sectors although there was some substitution by plastics. The minority shareholding in the company was acquired and the company was delisted from the Nigerian stock exchange.

Weak economic conditions in **Tanzania** resulted in reduced demand for crowns.

Rm	Revenue		Trading profit*		Trading margin %	
	2011	2010	2011	2010	2011	2010
South Africa	5 126	5 263	736	743	14.4	14.1
Rest of Africa	652	526	37	15	5.7	2.9
Total	5 778	5 789	773	758	13.4	13.1

* Operating profit before abnormal items. Continuing operations.

This glass bottle solution > demonstrates the ability to reduce the weight of the pack as well as the CO₂ emissions through technology, while boosting their competitiveness in the market.



Managing directors

Bevcan
Erik Smuts (41)
BCom (Hons) Accounting; CA(SA);
ACMA (UK); EDP (GIBS)

DivFood
Ephraim Msane (49)
BSc Eng (Chem)

Nampak Wiegand Glass
Stoney Steenkamp (40)
Mech Eng; MBA (University of Wales)

Kenya and Tanzania
Ian Randall (51)
MSc

Nigeria
Terry Wilson (44)
MDP (Henley)

Zimbabwe
John van Gend (45)
BCom, ACMA



< Appletiser Promotional Pink Tab Beverage Can

This promotional can was used as a vehicle for Appletiser's competition. The pink tab was used to re-inforce their support for women's health as well as the can itself being used as an entry mechanism.

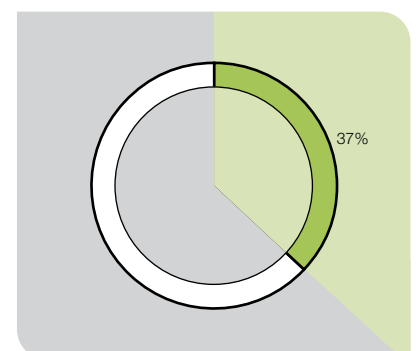


This can is a first for South > Africa, with its thermoclastic snow castle on the can that turns an amazing blue when the beverage is at its optimum ice cold temperature, a campaign that re-iterates the trend towards the youth market.



▲ This beautifully decorated and functionally re-usable tin, aids in embedding the Woolworths brand in the minds of consumers by taking the brand from the shelf to the customer's home.

Revenue contribution



Paper and flexibles

This segment comprises the businesses of cartons and labels, corrugated, flexibles and sacks.

South Africa

Cartons and labels manufactures cigarette cartons and general folding cartons, beer labels and a range of fast-food products from its two factories in Gauteng and two factories in the Western Cape. The Corrugated division has converting operations in Gauteng, KwaZulu-Natal, Eastern and Western Cape and Swaziland. The recycled paper that is used in the corrugated converting business is manufactured at the Nampak Corrugated paper mill based in Rosslyn.

Apart from the fast-foods sector, demand for folding cartons was weak across all market sectors and as a result margins came under pressure. As part of an initiative to improve competitiveness and service the market more cost-effectively, the **cartons and labels** Pinetown factory was closed and the volumes consolidated into the Gauteng and Western Cape operations. 2011 was consequently a disruptive year for the division. The benefits of this rationalisation will be evident in 2012.

The **corrugated** business continued to improve and returned to profitability after two successive years of losses. Production efficiencies and product quality at the Rosslyn paper mill continued to improve and contributed significantly to the better operating

performance. Demand for corrugated boxes particularly from the commercial sector in the second half of the year was weaker in line with lower general economic activity.

The Flexibles business has a factory in each of the Eastern Cape, KwaZulu-Natal and the Western Cape. It manufactures value-added flexible and laminated products for a range of FMCG customers.

The **flexible packaging** business performed very well in 2011 with good volume growth at major FMCG customers. Volumes improved across most sectors with stronger demand for detergent and snack food packaging. An investment in additional extrusion capacity will assist in meeting the growing demand.

Sacks for the cement, sugar and milling industries are manufactured at the factory in KwaZulu-Natal.

The **paper sacks** business had a difficult year with all major market segments, cement, sugar and milling being depressed. This was, however compensated, to a large extent by excellent growth in exports of cement sacks, sugar bags and tea sacks to the southern African region.

Rest of Africa

Operations in Kenya, Malawi, Nigeria, Zambia and Zimbabwe.

There was strong demand for self-opening bags from millers in **Kenya** and a new production line was commissioned which generated incremental volumes.

Demand for cigarette cartons from BAT in **Nigeria** remained strong. Whilst overall volumes increased, gross margins however, reduced due to start-up operational problems with the take-on of new commercial carton and label business.

There was political and economic uncertainty in **Malawi**, a scarcity of foreign currency and together with a poor tobacco crop resulted in a decline in profitability for the year. The minority shareholding in Packaging Industries Malawi was acquired and the business has been renamed Nampak Malawi.

Zambia benefited from the introduction of a manufacturing line for sugar sacks. The operation achieved an improved result for the year.

Despite the difficult socio-political environment, trading conditions in **Zimbabwe** continued to improve. The results for Zimbabwe are however not consolidated.

Rm	Revenue		Trading profit*		Trading margin %	
	2011	2010	2011	2010	2011	2010
South Africa	4 099	4 313	161	59	3.9	1.4
Rest of Africa	698	688	85	68	12.2	9.9
Total	4 797	5 001	246	127	5.1	2.5

* Operating profit before abnormal items. Continuing operations.



Sasko Mix quad seal bag
An aesthetically appealing packaging solution geared towards convenience. This five-panel registration is unique to Nampak Flexible in South Africa, providing its customers with superior packaging technology.

^ A true all-in-one packaging solution. The packaging serves as a functional supply-chain tool as well as a premium branding solution.

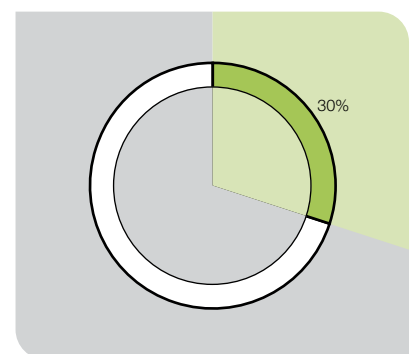


BAT Vogue Blue cigarette carton
A sophisticated new packaging design aimed at the female consumer. An operational first that involved intricate print effects and collaboration between two specialist plants.



^ Simba Doritos late night chip pack
A first for South Africa in the chip pack category to use Augmented Reality (AR) print technology. This interactive packaging has subsequently led to greater brand recognition and brand awareness.

Revenue contribution



SAB Castle
8 x 3 x 400ml >
Family Pack

This family of packs provides an innovative marketing platform as the promotional gift pack becomes the tool to portray the emotional aspect of an occasion around an everyday brand.

Plastics

This segment comprises the businesses of Liquid Packaging, Petpak, Closures, Megapak, Tubes and Nampak Plastics Europe.

South Africa

Liquid Packaging manufactures plastic bottles using high density polyethylene (HDPE) and polyethylene terephthalate (PET) for supply to the milk and juice markets at its eleven factories throughout the country. It also manufactures cartons for the sorghum beer, juice and Mageu markets at its factory in northern KwaZulu-Natal.

Petpak manufactures PET bottles for carbonated soft drinks, sauces and detergents at its factories and in-plant facilities in Gauteng, Limpopo, Namibia and Western Cape.

There was volume growth in **plastic bottles** for juice with steady demand from the milk sector. Sales of multi-layer bottles for long-life milk continued to grow with more retailers carrying this product. **PET bottles** for carbonated soft drinks were redesigned to accept the new short-neck closure and there was a marginal increase in sales volumes.

There was good growth in the demand for both **sorghum beer and juice cartons**.

Metal and plastic closures for food jars, wine bottles and soft drinks are manufactured at factories in KwaZulu-Natal and the Western Cape.

Sales of metal screw-cap **closures** for wine bottles declined as a result of higher exports of wine in bulk. There was increased demand for metal closures for food jars as well as for the new 'super-shorty' plastic closure for beverage bottles.

Megapak manufactures **crates** and **drums** at its three factories, one each in Gauteng, KwaZulu-Natal and the Western Cape.

There was reduced demand from the beverage industry for **plastic crates** but sales of crates for general packaging purposes increased. There was growth in sales of both large and small **plastic drums**.

Nampak Tubes is South Africa's sole autonomous toothpaste tube manufacturer and operates from a factory in Gauteng.

The tubs business which lost market share in 2010 and performed poorly was sold during the year. There was steady demand for **tubes** which has been relocated to a new dedicated manufacturing facility.

Europe

This business operates from six in-plant facilities and three mother sites in Great Britain and Northern Ireland.

Nampak Plastics Europe performed well against a background of very tough trading conditions in the United Kingdom. A price war on fresh milk between the major retailers led to severe pressure to reduce our cost base and selling prices. Strategically, the business was able to renew two long-term supply contracts and successfully launched a new light-weight bottle.

Rm	Revenue		Trading profit*		Trading margin %	
	2011	2010	2011	2010	2011	2010
South Africa	2 114	2 142	231	152	10.9	7.1
Europe	1 511	1 268	96	101	6.4	8.0
Total	3 625	3 410	327	253	9.0	7.4

* Operating profit before abnormal items. Continuing operations.



< This infini bottle manufactured by Nampak Plastics Europe demonstrates its continued commitment to sustainability by manufacturing an environmentally friendly milk packaging – the Infini bottle.

> A practical cost-saving solution that reduces the individual height of the bread trays allowing an additional layer of bread to be stacked throughout the supply chain.



Managing directors

Liquid Plastics and Petpak
Willem Pienaar (46)

Dip (Business Administration) University of Birmingham

Elopak and Liquid Paper
Johan de Smidt (46)

MDP/MBA (Open University Business School London)

Closures and Tubes
Chris Brink (49)

Megapak

Joel Sibanda (40)

BSc Mechanical Engineering (Hons),
MAP – Wits Business School

Nampak Plastics Europe
Eric Collins (48)

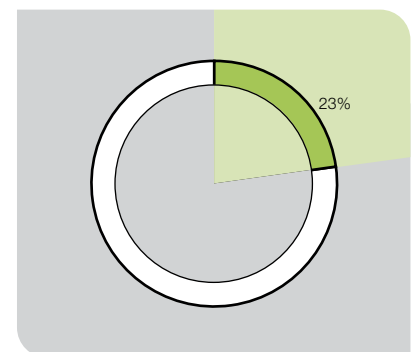
BSc (Hons), MCIPD

< Wine bottles

That offer the weight saving and shatterproof properties of plastic, combined with the barrier properties of glass.



Revenue contribution



Tissue

This segment comprises the businesses of Nampak Tissue, Sancella (50%) and Nampak Recycling.

Nampak tissue is one of South Africa's leading manufacturers and marketers of hygiene products including toilet tissue, diapers, feminine protection and incontinence products.

There are tissue wadding and converting facilities in Gauteng, KwaZulu-Natal and the Western Cape.

Twinsaver is the most recognised tissue paper brand.

Demand for one-ply toilet tissue came under pressure due to financial constraints on lower-income

consumers. Sales of two-ply toilet tissue grew although price deflation in both categories caused a reduction in trading margins. The Away-from-Home market enjoyed another year of growth.

Nampak Tissue has a joint venture with SCA and markets disposable diapers under the Cuddlers brand, feminine protection products under Lifestyle and incontinence products under the Tena brand.

There is a diaper and feminine hygiene products factory in Gauteng.

Market share was gained in the diaper market and additional capacity is due to come on stream in the first half of 2012. Lifestyle continues to be the leader in the liners category of the female hygiene market.

Managing director

Tissue
Kennedy Nzimande (43)
 BCom, MBA (Nyrenode)

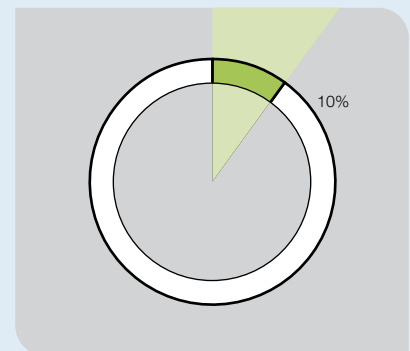


< A packaging re-juvenation for the **Twinsaver** trusted brand, the new packaging is designed to maximise consistency on pack branding across various packaging substrates and offer brand distinction and differentiation from competitors.



Cuddlers' new and improved Dry Guard technology ⁷ guarantees dryness of up to 12hrs. The Dry Guard technology is an addition to the brand's already superabsorbent gel, and provides an "ADP effect" – Acquisition, Distribution and Protection - ultimately acquiring the liquid, distributing it, and protecting against re-wet.

Revenue contribution



Rm	Revenue		Trading profit*		Trading margin %	
	2011	2010	2011	2010	2011	2010
South Africa	1 619	1 575	129	184	8.0	11.7

* Operating profit before abnormal items. Continuing operations.



Our message in a bottle...

Up to 45% recycled glass is used to make our bottles



Nampak's **eco logical** thinking

Pleasing results




Gareth Griffiths
Chief financial officer

Sandton
23 November 2011

Headline earnings per share from continuing operations increased by 21%. Headline earnings per share have shown continued improvement over the last three years and remain a key focus area for management.

Introduction

Nampak has delivered pleasing results for the year ended 30 September 2011, despite significant challenges and a depressed global economy. Further progress was made on the growth strategy, with the disposal of several underperforming operations in South

Africa and the disposal of Nampak Paper Holdings in Europe. The Angola can line was successfully commissioned during the year and several opportunities in Africa are being investigated.

Year under review

	2011 Rm	2010 Rm	Variance %
From continuing operations			
Revenue	15 818.6	15 774.2	0.3
Trading profit	1 545.9	1 434.2	7.8
Operating profit	1 497.8	1 228.7	21.9
HEPS (cps)	172.4	142.3	21.1
From continuing and discontinued operations			
Revenue	16 931.5	18 545.5	(8.7)
Trading profit	1 581.0	1 543.2	2.4
Operating profit	1 180.5	1 343.7	(12.1)
HEPS (cps)	176.0	149.7	17.6

Effective 28 February 2011, the operations of Nampak Paper Holdings were sold in line with the group's strategy to fix, sell or close underperforming operations. This

comprised the entire Cartons Europe and Healthcare business, which was previously disclosed as the Europe Paper segment. Due to the significance of the disposal which represented a

21%

Growth in HEPS form continuing operations

30%

Increase in dividend per share

22%

Operating profit from continuing operations increase

10%

Net gearing reduced to

separate major line of business, it was classified as a discontinued operation in accordance with *IFRS 5: Non-Current Assets Held For Sale and Discontinued Operations*. The post-tax results from the discontinued operation, and the loss on disposal have been presented as a single line on the statement of comprehensive income.

A loss of R352.4 million was realised on this disposal. The net proceeds on the disposal enabled the group to reduce net borrowings in the current year.

Several other underperforming operations (shown as disposal groups held for sale in the prior year) were disposed of during the year at a net loss of R5.4 million. There are no further disposal groups held for sale at September 2011.

The Angola can line was successfully commissioned in April 2011. The operation reflected an operating loss (before foreign exchange losses) of R47.9 million. The entity secured a foreign investment certificate, which

entitles it to exemptions from several taxes and duties, including an exemption from income tax for a period of eight years. There was thus no tax relief for the losses in the current year. The entity is expected to make an operating profit in the 2012 year.

The Angola volumes were previously supplied from South Africa, and as a consequence the export volumes of Bevcan were adversely affected. These cans were previously mainly supplied from the Durban plant. As a result, an impairment charge of R37.7 million was processed against the Bevcan Mobeni plant.

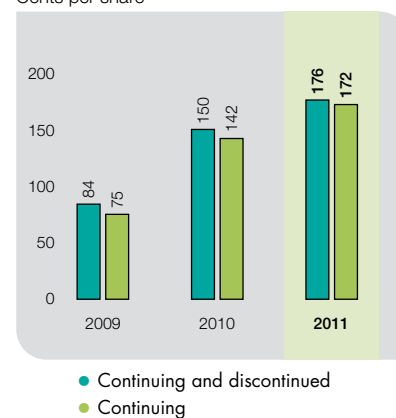
The Corrugated operation saw a return to profitability in the current year which assisted the overall profitability of the South African businesses.

Revenue from continuing operations increased marginally, impacted by disposals not disclosed as discontinued operations due to their immateriality. Operating profit showed an improvement of 21.9% assisted by the

gain on the mark-to-market of financial instruments of R71.4 million. This was offset by impairment charges of R105.0 million.

Headline earnings per share from continued operations showed an improvement of 21.1% after adjusting for gains and losses on capital items and impairments. Headline earnings per share have shown continued improvement over the last three years and remain a key focus area for management.

HEPS
Cents per share



Financial performance

Key economic indicators

Some of the key economic indicators affecting the results in the current year are shown below:

	2011	2010	Primary impact
Exchange rates			
• Rand/UK pound			
– average	11.18	11.64	Translations of results, cost of imports and competitiveness of export transactions
– closing	12.58	10.98	
• Rand/US dollar			
– average	6.96	7.47	
– closing	8.04	6.98	
Prime overdraft rate	9.0%	9.5%	Affects the borrowing rates in South Africa
Consumer price index	5.7%	3.2%	Key cost driver for South Africa, impacts wage inflation

In addition to this, certain commodity prices such as oil prices, steel and tinsplate, aluminium and paper and pulp prices have significant impacts on the businesses. Where possible, the impact of these prices are minimised by negotiating back-to-back contracts with key customers, or by hedging the impact. However, there is often a timing lag in recovering increases or passing through decreases of these commodities to customers, which affects profitability.

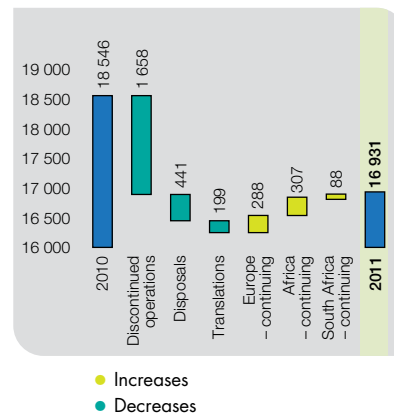
Operating performance

Revenue

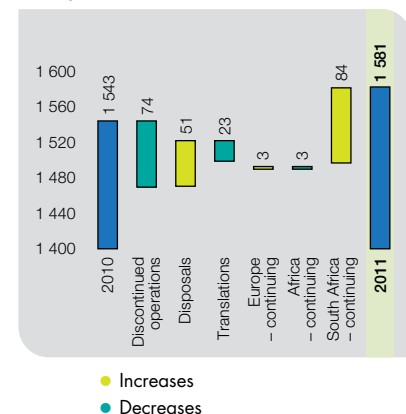
Revenue has been primarily impacted by the Europe Paper discontinued operation and the disposal of other businesses. In addition, the stronger rand which prevailed throughout most of the year, had a significant impact on the translated results of the European and African results.

Continuing and discontinued operations

Revenue source of change
R million



Trading income source of change
R million



Trading profit

Trading profit has been significantly impacted by the discontinued operation in the current year, however the trading margin of this business was much lower than the group average, therefore the overall trading margin has been positively impacted by this disposal. The main reason for the improvement in the trading income of the South African businesses has been the turnaround of the Corrugated and Tubes divisions from the previous year.

The trading margin from continuing operations was 9.8%, up from 9.1% in the prior year. The trading margin for the continuing and discontinued operations in the prior year was 8.3%.

The trading margin in the current year was impacted by the start up of the Angola can line. This should see a significant improvement in the next financial year.

Abnormal items

Abnormal items are defined as items which do not arise from normal trading activities and are of such a nature or incidence that their disclosure is relevant to explain the performance for the year.

The group recorded net abnormal items from continuing operations of R48.1 million (2010: R205.5 million) for the year.

	2011 Rm	2010 Rm
Net impairment losses	104.8	108.4
Restructuring and retrenchment costs	49.9	72.2
Share-based payment expense on BEE transaction	–	49.0
Net loss on disposal of businesses	5.4	2.9
Non-controlling shareholders loans impaired/ (waived)	0.2	(13.0)
Net profit on disposal of properties	(40.8)	(26.0)
Financial instruments fair value (gain)/loss	(71.4)	12.0
	48.1	205.5

Impairment losses consist of impairments of the remaining goodwill from the Malbak acquisition relating to the Tubes business and the cartons

and labels business of R58.8 million (2010 R31.5 million). In addition, plant and equipment of R45.0 million (2010 R12.2 million) was considered to be impaired, the most significant item being the Bevcan Mobeni plant due to the shift of export volumes to the new Angola can line. The prior year included an impairment charge of R63.3 million on assets held for sale, all of which were disposed of in the current year.

The gain on the marked-to-market of financial instruments of R71.4 million is mainly attributable to open foreign exchange contracts at year end, following the significant weakening of the rand against major currencies in the last month before year-end. The fair value gain on foreign exchange contracts was R58.5 million. The balance of the gain relates to the marked-to-market of interest rate swaps and aluminium contracts.

As part of the continued reorganisation and restructuring of businesses, R49.9 million (2010: R72.2 million) was expensed on restructuring and retrenchment costs in the current year. Surplus properties were disposed of at a profit of R40.8 million (2010: R26.0 million).

Net finance cost

Net finance costs from continuing operations decreased from R190.4 million to R119.9 million in the current year, mainly due to a significant decrease in net borrowings during the year. Interest rates were fairly stable in the current year and the group continues to make use of interest rate

derivatives to hedge interest rate risk. Average borrowing rates for the South African operations were 7.1% in 2011 (2010: 9.0%).

Income tax

The effective tax rate for continuing operations in the current year was 32.8%, compared to 25.7% in 2010. The tax rate has been mainly impacted by the impairment of goodwill and the Angola tax losses for which there was no tax relief. A summarised tax rate reconciliation is shown below:

	2011 %	2010 %
Effective tax rate	32.8	25.7
STC and withholding taxes	(4.8)	(3.5)
Prior year tax adjustments	(1.2)	4.6
Angola losses	(2.0)	–
Other	3.2	1.2
South African normal tax rate	28.0	28.0

Discontinued operations

The net loss of R331.1 million from discontinued operations include a trading profit of R21.3 million (2010: R56.4 million) and a net loss on disposal of business of R352.4 million in the current year. There are no outstanding warranties that have been provided for and all proceeds have been received. The net proceeds of R763.7 million have had a significant impact of reducing the net borrowings for the group in the current year.

Statement of financial position

Key indicators

	2011	2010
From continuing operations		
Return on net assets (%)	20	19
Return on equity (%)	19	17
Net borrowings (R million)	582.1	1 741.7
Net gearing (%)	10	32
Net asset value per share (cps)	964	912

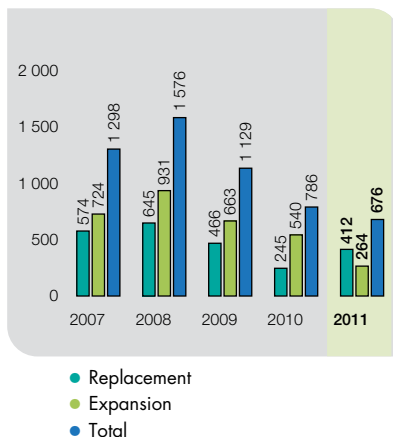
Net worth per share increased to 964 cents from 912 cents in the prior year, despite the disposal of the Europe Paper business. This was largely due to the strong trading performance from South Africa, mainly attributed to the turnaround in the Corrugated business.

Capital expenditure

Total non-current assets decreased by R699.1 million, of which R889.2 million can be attributed to the Europe Paper disposal and other disposals, offset by the capital expenditure.

Capital expenditure was R676.2 million (2010: R785.7 million) for the year. Capital expenditure has been significantly reduced over the last five years. The graph below shows the reducing trend:

Capital expenditure
R million



The most significant capital expense in the current year amounted to R157.3 million, which relates to the Angola can line. In total the capital expenditure on the can line amounted to \$152 million. A furnace rebuild at Glass is scheduled for December 2011. An amount of R27.3 million has been spent as at September 2011. There were no other capital expense projects over R50.0 million for the year.

A summary of the group's capital expenditure budget for 2012 is set out below. The capital expenditure will be funded out of existing cash flows and cash generated from operations.

	Capital expenditure budget Rm
South Africa	1 077.9
Rest of Africa	73.3
Europe	220.8
Total	1 372.0

Foreign currency translation reserve

The weakening of the Rand against major currencies in the last few weeks of the financial year resulted in a foreign currency translation gain of R123.6 million for the year (2010: R203.4 million loss).

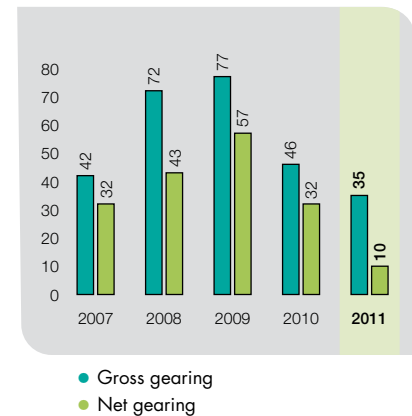
Net borrowings and gearing

The net proceeds from disposals in the current year of R834.3 million, assisted by strict control over working capital and capital expenditure enabled the

group to further reduce its net borrowings by 66.5% in the current year. Net borrowings reduced to R582.1 million and net gearing reduced to 10%.

The group was comfortably within its borrowing covenants during the year. The graph below reflects the gearing trend over the last five years:

Gearing %



The composition of the group's net borrowings position is:

	2011 Rm	2010 Rm
South Africa	1 809.0	2 091.9
Borrowings	1 972.5	2 203.7
Cash	(163.5)	(111.8)
Europe and rest of Africa	(1 226.9)	(350.2)
Borrowings	60.4	256.6
Cash	(1 287.3)	(606.8)
Net borrowings	582.1	1 741.7

A summary of the group's committed bank facilities is as follows:

	Facility Rm	Utilised Rm	Available Rm
South Africa	3 557.5	1 362.5	2 195.0
Rest of Africa	36.0	9.6	26.4
Total	3 593.5	1 372.1	2 221.4

In addition to the above facilities of R750 million are available with a 48 hour notice period.

Statement of cash flow

The group continued to generate strong cash flows with cash generated from operations amounting to R1 725.5 million for the year ended 30 September 2011 (2010: R2 508.9 million). The net investment in working capital amounted to R548.3 million. The 12 month average net working capital to sales increased marginally from 12.9% to 13.0%.

Dividends paid were R543.1 million following a higher dividend declared in the prior year.

Tax payments of R188.3 million remained low this year, as the bulk of the tax losses in South Africa was being utilised. This, together with the lower finance costs, resulted in a net cash inflow before investing activities of R339.0 million.

Net proceeds of R834.3 million were received from the disposal of Europe Paper and the other disposals in the current year, which resulted in a net cash inflow of R1 001.1 million before financing activities. This cash inflow was used to repay debt of R641.2 million. Net cash and cash equivalents increased by R410.6 million.

Financial objective

The key financial objective set by the group is Return on Net Assets (RONA). The current year has seen another significant improvement in RONA, following the disposal of several non-performing and loss-making operations, a further reduction in capital expenditure and improved cash management.

The graph below sets out the RONA trend over the last few years.

Return on net assets
%



Contingent liabilities and subsequent events

Subsequent to year-end, the Malawi Revenue Authority issued additional assessments for the 2001 to 2010 years of assessment on Packaging Industries Malawi Limited relating to transfer pricing to the value of R16.9 million with penalties and interest of R55.3 million. No provision has been raised as management believes that the matter is highly defensible. The amount has been included in contingent liabilities.

With effect from 1 October 2011 the group has acquired the remaining 50% interest in Nampak Wiegand Glass (Pty) Limited for R938 million. The transaction is subject to approval by the Competition authorities.

Definitions

Treasury shares

Treasury shares represent shares in Nampak Limited held by group subsidiary companies and consolidated special purposes entities (e.g. empowerment trusts).

Weighted average number of shares

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year (net of treasury shares), increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

Dividends declared/cash distributions per ordinary share

Interim dividend/cash distribution paid per ordinary share plus the final dividend/cash distribution declared in respect of the current year's profits.

Return on equity

$$\frac{\text{Net profit attributable to ordinary shareholders}}{\text{Ordinary shareholders' equity}}$$

Trading profit

Operating income adjusted for abnormal items, which are items which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.

Net assets

Total assets, excluding tax, deferred tax and cash balances less trade and other payables including provisions) and other non-current liabilities.

Return on net assets

$$\frac{\text{Trading profit plus investment income and share of profit in associates}}{\text{Net assets}}$$

Net asset turn

$$\frac{\text{Revenue}}{\text{Net assets}}$$

Interest cover

$$\frac{\text{Trading profit plus investment income and share of profit in associates}}{\text{Net interest}}$$

EBITDA

Earnings before interest, investment income, share of profit in associates, tax, depreciation and amortisation.

EBITDA interest cover

$$\frac{\text{EBITDA}}{\text{Net interest}}$$

Gross gearing

$$\frac{\text{Loans and borrowings plus overdrafts and loans}}{\text{Total equity}}$$

Net gearing

$$\frac{\text{Loans and borrowings plus overdrafts and loans, less bank balances, deposits and cash}}{\text{Total equity}}$$

Employee numbers used for calculations

Total number of employees, time weighted for acquisitions and disposals, and adjusted for the group's share of joint ventures.

Productivity per employee

$$\frac{\text{Volume growth}}{\text{Growth in number of employees}}$$

Market capitalisation

Number of ordinary shares in issue multiplied by the year-end market price per share.

Earnings yield

$$\frac{\text{Headline earnings per share}}{\text{Year-end market price per share}}$$

Dividend/cash distribution yield

$$\frac{\text{Dividend/cash distribution per ordinary share}}{\text{Year-end market price per share}}$$

Price/earnings ratio

$$\frac{\text{Year-end market price per share}}{\text{Headline earnings per share}}$$

for the year ended 30 September		2011	2010	2009	2008	2007
Earnings and dividend data						
Weighted number of ordinary shares in issue (net of treasury shares)	'000	589 550	587 782	585 858	585 301	582 505
Headline earnings per ordinary share	cents	176.0	149.7	83.8	177.3	184.6
Continuing operations	cents	172.4	142.3	73.9	150.6	175.4
Discontinued operations	cents	3.6	7.4	9.9	26.7	9.2
Change over previous year (continuing operations)	%	21	92	(51)	(14)	22
Earnings per ordinary share	cents	106.5	140.5	34.9	88.2	181.0
Continuing operations	cents	162.6	130.9	25.6	146.2	171.8
Discontinued operations	cents	(56.1)	9.6	9.3	(58.0)	9.2
Change over previous year (continuing operations)	%	24	412	(83)	(15)	22
Dividends declared/cash distributions per ordinary share	cents	108.0	83.0	42.0	100.0	115.3
Change over previous year	%	30	98	(58)	(13)	20
Five-year compound annual growth rate	%	2	–	(13)	4	11
Dividend/cash distribution cover	times	1.6	1.8	2.0	1.8	1.6
Financial data						
Return on equity						
Continuing operations	%	19	17	3	17	22
Continuing and discontinued operations	%	11	16	4	9	18
Return on net assets*						
Continuing operations	%	20	19	13	19	23
Continuing and discontinued operations	%	19	17	12	16	19
Net asset turn						
Continuing operations	times	2.0	2.0	2.0	1.9	1.9
Continuing and discontinued operations	times	2.0	2.0	2.0	1.9	1.8
Interest cover	times	13	8	3	6	9
EBITDA interest cover	times	15	11	6	9	12
Effective tax rate	%					
Continuing operations		32.8	25.7	28.7	19.4	27.4
Continuing and discontinued operations		43.6	27.4	25.8	29.0	26.8
Gross gearing	%	36	46	77	72	42
Net gearing	%	10	32	57	43	32
Number ordinary shares in issue (net of treasury shares)	'000	590 901	588 338	586 773	585 650	583 481
Net asset value per ordinary share	cents	964	912	874	1 023	1 037
– Change over previous year	%	6	4	(15)	(1)	8

Note: The prior year numbers have been restated for the change in presentation of the discontinued operations in the current year.

*Return on net assets was calculated on trading profit. In previous years the return was based on operating income. Prior year numbers were restated.

for the year ended 30 September	2011	2010	2009	2008	2007
Employee data					
Permanent employees	10 475	12 990	13 390	13 549	13 721
Temporary employees	2 068	1 777	1 723	2 194	1 868
Total employees	12 543	14 767	15 113	15 743	15 589
Employee numbers used for calculations	13 435	15 019	15 125	15 791	16 277
Revenue per employee	R'000 1 260	1 235	1 295	1 169	1 045
Employment cost per employee	R'000 254	254	264	231	209
Productivity per employee	Index 93	89	88	90	89
Operating results					
	R million				
Continuing operations					
Revenue	15 818.6	15 774.2	16 268.3	15 145.2	13 970.5
Trading profit	1 545.9	1 434.2	1 049.3	1 506.9	1 664.0
Profit after tax from continuing operations	933.7	778.5	147.7	834.7	1 002.7
Discontinued operations					
(Loss)/profit from discontinued operations	(331.1)	56.4	54.4	(339.4)	53.2
Profit for the year	602.6	834.9	202.1	495.3	1 055.9
Attributable to:					
Equity holders of Nampak Limited	627.9	825.9	204.8	516.1	1 054.2
Non-controlling interests	(25.3)	9.0	(2.7)	(20.8)	1.7
	602.6	834.9	202.1	495.3	1 055.9
EBITDA	1 801.7	2 052.8	1 406.5	1 700.2	2 322.9
Continuing operations	2 076.5	1 826.4	1 172.0	1 841.1	2 083.9
Discontinued operations	(274.8)	226.4	234.5	(140.9)	239.0
EBITDA (adjusted for impairments)	1 906.8	2 163.1	1 833.2	2 301.9	2 329.6
Continuing operations	2 181.5	1 936.7	1 599.3	1 893.5	2 091.2
Discontinued operations	(274.7)	226.4	233.9	408.4	238.4
Balance sheets					
	R million				
Total shareholders' funds	5 694.9	5 368.3	5 129.5	5 991.9	6 049.5
Retirement benefit obligation	1 360.5	1 404.5	1 246.2	1 129.1	565.1
Deferred tax and other non-current liabilities	498.0	302.7	329.6	567.0	756.4
Non-current loans and borrowings	1 358.7	1 631.0	2 121.5	1 741.1	526.5
Current liabilities	3 995.9	4 218.6	5 265.6	6 085.9	5 135.1
Total equity and liabilities	12 908.0	12 925.1	14 092.4	15 515.0	13 032.6
Property, plant and equipment	5 687.3	6 199.9	6 392.9	6 746.6	5 666.9
Intangibles	183.1	301.1	389.4	473.1	1 079.3
Other non-current financial assets and deferred tax	387.3	455.8	600.0	310.2	296.5
Current assets	6 650.3	5 968.3	6 710.1	7 985.1	5 989.9
Total assets	12 908.0	12 925.1	14 092.4	15 515.0	13 032.6

for the year ended 30 September		2011	2010	2009	2008	2007
Cash flow	R million					
– Cash generated from operations		1 725.5	2 508.9	2 220.0	2 143.3	2 045.3
– Cash retained from operating activities		339.0	1 576.9	398.2	232.9	230.9
– Additions to property, plant, equipment and intangibles		(676.2)	(785.7)	(1 129.3)	(1 576.0)	(1 298.1)
– Net increase/(decrease) in cash		410.6	(92.7)	(766.5)	2 246.9	(505.8)
Share performance						
Market price per share						
– Highest	cents	2 350	1 939	1 715	2 263	2 395
– Lowest	cents	1 842	1 501	1 078	1 223	1 800
– Year-end	cents	2 087	1 896	1 700	1 402	2 160
Number of ordinary shares in issue	'000	695 199	660 778	659 264	658 142	655 972
Market capitalisation*	R million	14 509	12 528	11 207	9 227	14 169
Volume of shares traded	'000	278 199	332 098	252 218	285 165	242 698
Value of shares traded	R million	6 090.6	5 773.6	3 442.1	4 653.8	5 131.9
Volume of shares traded as a percentage of total issued shares	%	40.0	50.3	38.3	43.3	37.0
Earnings yield*	%	8.4	7.9	4.9	12.6	8.5
Dividend/cash distribution yield*	%	1.6	4.4	2.5	7.1	5.3
Price/earnings ratio*	times	11.9	12.7	20.3	7.9	11.7
Economic indicators						
The principal economic indicators applied in the preparation of the group results are shown below.						
Exchange rates						
Rand/UK pound						
– average		11.18	11.64	12.24	14.51	14.15
– closing		12.58	10.98	12.03	14.87	13.95
Rand/Euro						
– average		9.71	10.13	10.93	11.58	9.56
– closing		10.81	9.51	10.99	11.69	9.72
Rand/US dollar						
– average		6.96	7.47	7.50	8.07	7.18
– closing		8.04	6.98	7.51	8.28	6.87

*Based on year-end market price

Sustainability at Nampak

Nampak, as a diversified packaging group, requires that the cluster and divisional management are responsible and accountable for delivering sustainability strategies appropriate to the impact of its own products from an economic, social and environmental perspective.

Overview

Nampak's sustainability is highly reliant on its ability to produce packaging that benefits all its stakeholders. As such, Nampak has adopted an inclusive approach to sustainability that ties economic, social and environmental elements together to ensure that sustainability is an intrinsic part of the business.

Nampak's value proposition is based on the production of packaging products that contribute to the protection and prevention of product deterioration, such as food and beverages, and also enable easier transportation and handling of goods. Packaging helps give identity to products, promotes product brands and provides key product and safety information. Nampak is mindful that the benefits of packaging have to be balanced with the generation of packaging waste, depletion of natural resources, the efficient use of energy and the company's carbon footprint.



Sustainability framework

In creating sustainable value for all its stakeholders, Nampak endeavours to:

- Achieve sustainable earnings growth;
- Deliver packaging excellence;
- Ensure that employees are professional, capable, empowered and motivated;
- Assist in empowering and uplifting the communities in which the group operates;
- Contribute meaningfully to the transformation in South African society through the broad-based black economic empowerment (B-BBEE) process;
- Minimise the impact that its products have on the environment;
- Ensure exemplary levels of governance and accountability; and
- Foster sound business ethics and high levels of integrity.

Sustainability governance

Nampak has a number of governance structures which oversee its

sustainability endeavours. The Nampak board is ultimately responsible for providing supervision, guidance and direction on economic, social and environmental issues that have a potential impact on the reputation and sustainability of the group and its stakeholders. The group's social, ethics and transformation committee and the risk and sustainability committee have been mandated by the board with the oversight of sustainability in the group.

Nampak, as a diversified packaging group, requires that the cluster and divisional management are responsible and accountable for delivering sustainability strategies appropriate to the impact of its own products from an economic, social and environmental perspective. Co-ordination is undertaken at a group level to ensure stakeholder value is created.

Refer to pages 74 and 75 of the corporate governance report for the group's governance structure and page 80 for the social, ethics and transformation committee's core responsibilities as well as pages 79 and 80 for the risk and sustainability committee's core responsibilities.

Nampak's approach to sustainable packaging

Nampak recognises the role it has to play in providing products and services that minimise their impact on the environment, customers and consumers. The group participates in extensive recycling initiatives and continues to invest significant time and resources into the development of more sustainable products. Through the development of innovative packaging that is lighter and has a higher proportion of recyclable content,

Nampak contributes significantly to the reduction in packaging waste and resource usage. For further information of industry and Nampak specific recycling initiatives, refer to pages 61 to 63 in the environmental performance section of this report.

The development of sustainable packaging is one of the main challenges facing the packaging industry. It progresses with due consideration to environmental efficiencies and recycling, as appropriate packaging of a product can maintain high standards while preventing waste.

Nampak's research and development facility is core to Nampak. Ongoing engagement with industry bodies, employees, customers and suppliers on future packaging requirements ensures that Nampak's product range evolves as alternative solutions become evident and the matters identified by the Sustainable Packaging Coalition (below) are addressed. For further information on Nampak's product and service innovation activities, refer to pages 54 and 55 in the social performance section of this report.

Sustainable packaging

The Sustainable Packaging Coalition* defines sustainable packaging as packaging that:

- is beneficial, safe and healthy for individuals and communities throughout its lifecycle;
- meets market criteria for both performance and cost;
- is sourced, manufactured, transported and recycled using renewable energy;
- optimises the use of renewable or recycled source materials;

- is manufactured using clean production technologies and best practices;
- is made from materials healthy in all probable end-of-life scenarios;
- is physically designed to optimise materials and energy;
- is effectively recovered and utilised in biological and/or industrial cradle-to-cradle cycles.

In the coming year, focus will continue to work within the sustainable packaging framework to ensure long-term economic, social and environmental sustainability can be delivered.

*The Sustainable Packaging Coalition is a US-based industry working group inspired by cradle-to-cradle principles and dedicated to transforming packaging into a system that encourages economic prosperity and a sustainable flow of materials. See <http://www.sustainablepackaging.org>

Stakeholder engagement

The board has identified eight key stakeholder groupings based on the following: responsibility, influence, proximity, dependence and representation.

Introduction

Nampak recognises that the sustainability of the business is totally dependent on the successful interactions with its stakeholders. Communicating well and listening to entities or individuals on whom the group has an impact, or who in turn impact on Nampak, is good business practice.

This good business practice is recognised in King III which identifies the need for boards to become more aware of these issues and processes around stakeholder relationships, and to have mechanisms for stakeholder concerns to be brought to their attention.

King III promotes a “stakeholder inclusive model of corporate governance” and recommends that boards “should consider the legitimate interests and expectations of stakeholders other than shareholders on the basis that this is in the best interests of the company and not merely as an instrument to serve the interests of the shareholder.”

Stakeholder governance and policies

The Nampak board is the ultimate custodian of corporate reputation and

stakeholder relationships in the group. The board determines the group’s key stakeholder groups and Nampak’s stakeholder engagement strategies and objectives.

The board has identified eight key stakeholder groupings based on the following broad relationship categories: responsibility, influence, proximity, dependence and representation. The identified stakeholders are closely related to Nampak’s ability to deliver long-term sustainable performance from an economic, social and/or environmental perspective.

The group’s stakeholder engagement policy sets out the strategies and objectives behind its engagements with material stakeholders. It also sets out the mechanisms that support the various engagement processes through a multi-layered approach making use of many different methods of engagement through all levels of the group.

The guiding principles behind all stakeholder engagements include:

- **Equality** of treatment of stakeholders with appropriate forums in place for stakeholders to put forward their own points of view;

- **Transparent** communication, but within the overall boundaries set by legislative requirements;
- Need for **balance** in presenting both the positive and negative aspects of performance; and
- Presentation of **accurate and relevant information**, with a measured approach to the introduction of assurance on non-financial aspects.

All stakeholders may report matters of concern to “Tip-offs anonymous” which is run independently by Deloitte & Touche on a confidential basis. Details are included in the governance report on page 82 of this report.

Stakeholder engagement

Nampak engages with its key stakeholders on an ongoing basis in a variety of ways. The table below provides an indication on how Nampak engages with its stakeholders, the preferred outcome of engagements and key objectives as well as the typical forms of engagement that take place.

Stakeholder grouping	Preferred outcome	Key objectives	Forms of engagement
Investors and financial institutions	<ul style="list-style-type: none"> Trust and confidence between the group and its current and potential shareholders and financial institutions. 	<ul style="list-style-type: none"> Provision of timeous, transparent, accurate, and relevant information. Ensuring that the group is fairly valued in the market. 	<ul style="list-style-type: none"> Opportunities to raise questions and seek clarity in structured forums, verbally or written in addition to the annual general meeting. Completion of appropriate public surveys.
Employees	<ul style="list-style-type: none"> Environment which provides a value proposition, which is equitable, fair and addresses employee wellbeing. 	<ul style="list-style-type: none"> Embed a culture of performance management. Well trained and developed workforce. Strong adherence to safety, health and environmental work practices. Compliance to applicable laws, regulations and standards. 	<ul style="list-style-type: none"> Access to management and supervisors to raise awareness of issues and opportunities. Written bi-annual newsletters, intranet site, policies, procedures and standards. Access to appropriate training and development programmes. Engagement through recognised trade union structures.
Customers	<ul style="list-style-type: none"> Delivery of world-class packaging solutions. 	<ul style="list-style-type: none"> Business environment which provides: <ul style="list-style-type: none"> Partnerships; Quality products; Competitive pricing; Dependable delivery; Innovative offerings; Customised choice; Ease of doing business; and Service support. 	<ul style="list-style-type: none"> Access to Nampak's research and development team to assist with resolving product queries and product innovation. Meetings, one-on-one discussions, written and verbal communication at all levels in the organisation. Product exhibitions. Customer and consumer surveys.
Suppliers	<ul style="list-style-type: none"> Relationships that result in consistent supply or quality materials and services. Focused procurement aligned to transformation initiatives. 	<ul style="list-style-type: none"> Mutually beneficial contractual arrangements. 	<ul style="list-style-type: none"> Meetings, one-on-one discussions, written and verbal communication at all levels in the organisation.
Trade unions	<ul style="list-style-type: none"> Climate of mutual understanding and respect and non-adversarial relationship built between the group, divisions and trade unions that permits transparency and constructive debate on material issues facing the business and its employees. 	<ul style="list-style-type: none"> Regular information sharing and involvement in consultation affecting trade union members. Adherence to the principle of freedom of association. 	<ul style="list-style-type: none"> Negotiated recognition agreements. Consultation forums. Conflict management structures.
Industry and government associations	<ul style="list-style-type: none"> Constructive and unified engagement on matters affecting industry. Alignment of industry training offerings with general industry requirements. 	<ul style="list-style-type: none"> Regular sharing of permitted information at industry body sessions. 	<ul style="list-style-type: none"> Meetings, written and verbal communication.
Government, parastatals, provincial and local municipalities	<ul style="list-style-type: none"> Engagement on matters which affect the macro economy and industry including environmental and social aspects as well as compliance (such as the South African Revenue Services). 	<ul style="list-style-type: none"> Attendance by executive and senior management at meetings and forums. Compliance with relevant regulation and legislation. 	<ul style="list-style-type: none"> Meetings, written and verbal communication.
Community and civil society	<ul style="list-style-type: none"> Structured social and enterprise development initiatives aligned to communities in which the group operates. Create understanding in the value of packaging and encouragement of recycling. Delivery of packaging that informs consumers. 	<ul style="list-style-type: none"> Ongoing engagement with communities on issues which may affect them such as building new factories. Corporate social investment with a specific focus on education, health and welfare and environmental initiatives. 	<ul style="list-style-type: none"> Meetings, one-on-one discussions, written and verbal communication. Consumer education interventions.



15 million beach buckets...

...could be made with the amount of plastic we recycle each year



Nampak's **eco logical** thinking

Economic performance

The most fundamental contribution that Nampak makes to the economies in which it operates is through delivering a robust business model supported by sustainable earnings.

The group's economic performance includes the economic value created and distributed by its operations to a

number of its stakeholders. These include: value added taxes collected and paid, employee benefits, distributions

to shareholders, support of local communities (particularly in South Africa) and interest paid to its funders.

Salient features

	2011	2010	Variance %
Wealth created (R million)	6 614	6 065	9
Corporate Social Investment spend (R million)	13.3	8.9	49
Transformation			
<ul style="list-style-type: none"> B-BBEE rating 	Level 4 contributor	Level 4 contributor	No change
<ul style="list-style-type: none"> Black ownership % 	10	10	No change
<ul style="list-style-type: none"> Enterprise development spend (R million) 	31.9	24.7	29.1
<ul style="list-style-type: none"> Procurement spend with B-BBEE suppliers (R million) 	79.9	62.9	26.9

Introduction

The group has 65 operations throughout South Africa and operations in a further 20 sites in countries in the rest of Africa. It also has nine operations in the United Kingdom and Ireland. The group employs in excess of 10 400 permanent

employees in these operations worldwide. The group actively invests in the communities in which it operates and is committed to Broad-Based Black Economic Empowerment in South Africa and the active transformation within the business.

Wealth created and distributed

Wealth created and distributed is set out in the group value added statement. The most fundamental contribution that Nampak makes to the economies in which it operates is through delivering a robust business model supported by sustainable earnings.

Group value added statement for the year ended 30 September

	2011 R million	2010 R million
Revenue	16 932	18 546
Cost of raw materials	10 329	12 487
Value added	6 603	6 059
Income from investments	11	6
Wealth created	6 614	6 065
Distribution of wealth		
Employees (salaries, wages and other benefits)	3 408	3 814
Government (income tax)	1 757	356
Providers of capital (interest)	163	240
Shareholders (dividends)	543	289
Reinvestment	743	1 366
Wealth distributed	6 614	6 065
Dealings with government		
Gross contributions to government		
Company taxes	202	134
Rates and taxes	26	34
Customs and excise duties	1 266	7
	1 494	175
Less: Cash grants and subsidies	-	-
Other government grants	1	1
Charged against group income	1 493	174
Collected on behalf of government	1 324	1 366

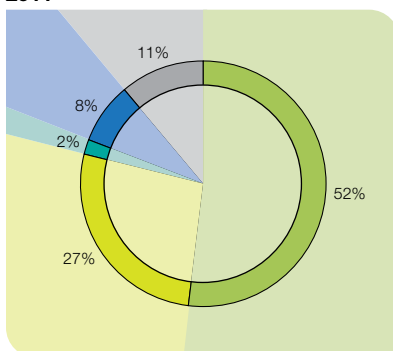
Broad-based black economic empowerment

Nampak undertakes to continually address any inequalities present with regard to race, gender and disability in its employee base and to accelerate progress through structured skills development programmes and the injection of talent.

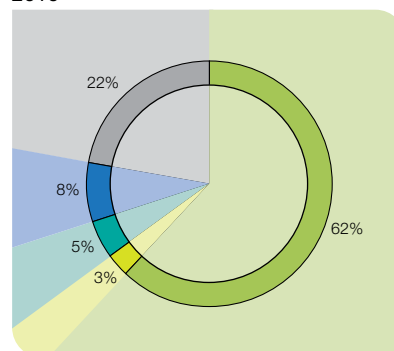
Nampak remains committed to B-BBEE and supports the Broad-Based Black Economic Empowerment Act and the Department of Trade and Industry's codes of good practice and scorecard. Nampak published its original, voluntary B-BBEE Charter in 2004 against which progress is measured. The charter is reviewed and updated in line with legislative requirements and improved targets. The Charter was last updated in 2008.

In its 2011 B-BBEE rating, Nampak achieved its target and retained its Level 4 contributor status. This level provides for 100% of customers spend to be regarded as B-BBEE spend. The target for 2012 is to move to a Level 3 contributor. The certification is provided by the independent rating agency Empowerdex.

2011



2010



● Employees ● Government ● Lenders
● Shareholders ● Reinvestment

Ownership

Currently approximately 5% of all the shares in the group are held by its black South African management employees. Another 5% is held by a B-BBEE consortium. The consortium comprises:

- AKA Capital, which is chaired by Reuel Khoza, a leading businessman and one of the group's non-executive directors;
- the National African Women's Alliance, which is a grouping of African women with grassroots representation in all nine provinces in South Africa;

- the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU) which organises the majority of unionised workers in Nampak; and
- the South African Typographical Union (SATU) which is also active in Nampak.

Nampak obtained 16.05 points out of a possible 20 on this element of the scorecard.

Management and control

Nampak achieved 5.34 points out of a possible 10 points on this element which measures black representation at board and group executive committee levels. Nampak's board currently comprises 7 black members out of 12, three of whom are black women and

the group executive committee has three black members out of nine.

Employment equity

Nampak achieved 4.84 points in respect of this element of the scorecard out of 15. The key issue facing the South African operations is to increase the black female representation across all job categories and at all levels in the business. Policies and procedures have been structured, with supporting training programmes to ensure that the manufacturing environment is capable of attracting and supporting female recruits.

The group is fully compliant with the Employment Equity Act and the required reports are submitted promptly to the

Department of Labour. Employment equity committees, which include management and labour representatives, are functional in all the South African operations. Divisional Managing Directors, together with the Group Human Resources Director, are responsible for setting of employment equity targets, taking into account the overall group objectives. The group's executive directors' and all management incentives are discounted for non-achievement of these targets.

The status of employment equity amongst the group's management against the 2013 target is shown in the table below. Most divisions achieved their 2011 targets.

Black/white employee numbers in South Africa

Positions	2013 target		2011		2010		
	% black	% black	Black	White	% black	Black	White
Non-executive directors	67	67.0	6	3	62.5	5	3
Executive directors	50	33.3	1	2	33.3	1	2
Group executive	50	33.3	3	6	33.3	3	6
Divisional managing directors	50	26.7	4	11	11.8	2	15
Senior management	43	27.5	58	153	24.5	52	160
Middle management	53	55.2	280	227	48.2	306	329
Entry level management	53	64.3	261	145	60.0	247	165
Supervisors	75	75.8	2 623	839	76.0	2 817	897
Skilled	90	99.0	3 593	38	98.5	3 111	46
Semi-skilled	90	98.9	542	6	99.3	1 635	10

The percentage of black females has decreased marginally from 16% in 2010 to 15.5% in 2011 as a result of the restructuring in the group.

Nampak's target is to increase the number of disabled people in its employ in terms of its Charter to 3% in 2013 from its current position of 0.89% in 2011 (0.91% in 2010).

Skills development

Nampak acknowledges the involvement of black people in operational,

professional and executive decision-making as a critical aspect of its B-BBEE strategy and is focused on accelerating this process via structured skills development programmes. Skills development committees are present at all South African operations to drive advancement at an operational level. Nampak achieved a score of 8.99 out of 15 on its scorecard in respect of its South African skills training. The focus for 2012 to improve this score includes an investment in a web-based system

for accurate, real-time reporting on all training initiatives.

In the year under review, training in the major categories set out in the table below was undertaken in South Africa. For more details on the programmes, please refer to the social performance section on pages 48 and 49 of this report.

Percentage black/black female employees of total candidates trained

Programmes 2011	Target group	Candidates	% black	% Black female
Executive coaching Management Development	Senior operational managers	21	48	10
Programme ^{PLUS}	Middle management	16	88	38
Tomorrow's Leader Programme	Supervisors and first-line managers	31	65	23
Nampak Sales Acumen Development	Sales managers and representatives	21	62	29
TOPP (Training Outside Public Practice)	Graduates	8	100	75
Graduate Development Programme	Graduates	30	100	50
Manufacturing techniques	Manufacturing and production staff	26	85	4
Business excellence programme	Production and clerical staff	25	96	12
Business presentation skills	Middle management	26	15	12
Negotiation skills	Middle management	7	86	29
Frontline excellence	Reception, secretarial, personal assistants	59	81	8

Nampak South Africa currently provides 53 bursaries for tertiary education of which 100% are for black students. There are 30 male and 23 female students. The bursaries are provided in areas where Nampak is experiencing skills shortages including engineering, science and accounting.

Preferential procurement

Nampak exceeded its target score in the preferential procurement category of the scorecard when it achieved 17.98 out of a possible 20 points. Out of the total spend for the year under review, Nampak spent 79.92% B-BBEE recognition in value, 10.23% spend was with qualifying small enterprises with turnovers of between R5 million and R35 million per annum and exempt micro enterprises with turnovers of less than R5 million per annum, while 7.99% was with black owned suppliers and 2.15% with black women owned suppliers.

Enterprise development

Nampak's approach to enterprise development is to assist in the creation of new black businesses by facilitating access to finance, capacity building and skills transfer, where appropriate, and to actively support small black enterprises to enable them to benefit from targeted procurement programmes. Nampak achieved its full points in respect of this element of the scorecard at 15 out of 15.

Enterprise development example

In 2009, Nampak provided capital of R750 000 to Apple Green Holdings (an environmentally friendly waste management company established in 2007) to encourage and build awareness with the public about the importance of recycling and to prevent recyclable materials from going to landfill. Recycling banks have been strategically placed across a number of offices, office parks and retail outlets where it is convenient for the public to drop off various recyclable packaging materials. These recycling banks are emptied on a regular basis and the materials are sold by Apple Green Holdings to various recyclers, including Nampak. The initial targets have been achieved and the project is now self sustaining.

Other examples of successful enterprise development initiatives include:

- Mthembu Tissue, owned by an ex-Nampak employee, Theminkosi "General" Mthembu, which supplies bathroom tissue to Nampak Tissue. This is considered as Nampak's most successful initiative to date.

- Naledi Recycling, Unicorn Recyclers, Khoma-Khoma Waste, Inhloso Contract, Proven Again Trading & Projects and Ikageng Paper Collection who all supply waste paper to Nampak Tissue.
- Ssserious Marketing, who sell and distribute various Nampak products to small – medium entrepreneurs, including to some Nampak Divisions.

Through its commitment and initiatives aimed at addressing South Africa's packaging solid waste stream, Nampak is providing seed capital and capacity building for collection and recycling. Nampak is continuously evaluating opportunities to create economic value and to develop potential markets for used packaging, which in turn will encourage collection, job creation and business opportunities.

Socio-economic development

Nampak scored 5 points out of a possible 5 points on its corporate social investment spend, which is strategically focused on Education (70%), Health and Welfare (15%) and the Environment (15%). For details of the projects and expenditure, refer to pages 51 to 54 of the social performance report.

Indirect economic benefits

Immeasurable economic value is created by Nampak's packaging products through the protection and prevention of deterioration of food and beverage products, thereby considerably reducing the waste of scarce resources.

Social performance

Nampak recognises that its employees are key differentiators in achieving the group's strategy and provide the group with a sustainable competitive advantage. Thus Nampak is committed to identifying, attracting and retaining the correct calibre of employees with appropriate skills to deliver business results.

Nampak's social influence as well as its corporate social investment endeavours impacts a large number of stakeholders, including its employees and the communities in which it operates.

Nampak's employees globally

Nampak recognises that its employees are key differentiators in achieving the group's strategy and provide the group with a sustainable competitive advantage. Thus Nampak is committed to identifying, attracting and retaining the correct calibre of employees with appropriate skills to deliver business results.

Staff complement

Nampak employs over 10 400 permanent employees worldwide with the greater part

being based in South Africa where the headquarters and the majority of the operations are based. The headcount has reduced in South Africa and Europe largely due to the disposal of non-core businesses during the reporting period. Structures have been aligned to support the group's strategy of growth into the rest of Africa.

The sale of Tubs and Disaki Cores & Tubes, after negotiations with the trade unions and employees affected, excluded a transfer under section 197 of the Labour Relations Act of 1995, as amended. Approximately 128 employees received retrenchment packages, however most of these employees were re-employed by the new business owners on revised terms and conditions of employment.

The sale of L&CP was concluded with full section 197 provisions and all employees were accommodated by the new owners.

The transactions for the Cartons Europe businesses and Interpak Books were concluded on a sale of shares basis which resulted in existing employment terms and conditions remaining in place.

The group internal audit function was outsourced to Ernst & Young with full section 197 provisions in December 2011.

The group Freight Forwarding and Clearing function was closed and most employees were retrenched, while some were absorbed in the divisions.

Employee numbers by region

Region	2011			2010		
	Permanent	Temporary	Total	Permanent	Temporary	Total
South Africa	8 833	1 605	10 438	9 793	1 638	11 431
Rest of Africa	1 054	408	1 462	995	232	1 227
United Kingdom	588	55	643	512	50	562
Total	10 475	2 068	12 543	11 300	1 920	13 220

Within the total number of employees in South Africa:

- 19.61% are female;
- 320 females hold managerial positions; and
- 79 employees are disabled, 2 of whom occupy managerial positions.

Within the total number of employees in the United Kingdom and Ireland:

- 10.54% are female,
- 16 females hold managerial positions; and
- there are no disabled employees.

People development and talent management

Continued focus is placed on the identification, development and retention of people to make certain that the group has appropriate leadership and specialist talent. Succession planning reviews are conducted regularly by the group executive committee and divisional boards to identify employees with potential for advancement. Management training programmes are reviewed annually to ensure that the content is aligned with the group's strategic requirements.

The details of the current programmes are included in the table opposite.

Programmes

Leadership development

Executive Coaching

This programme is aimed at senior operational managers who have long-term potential for general and executive managerial positions.

Management Development Programme ^{PLUS}

The programme focuses on leadership development of high potentials at a senior operational management level.

Tomorrow's Leader Programme

The programme centres on supervisory staff development where potential to fill operational management roles in future is identified.

Nampak Sales Acumen Development

This programme is addressing technical sales skills within the broadened view of packaging solutions selling. The programme is aimed at high potential sales representatives and managers to fill key senior key account management roles.

(TOPP) Training Outside Public Practice

Nampak is participating on SAICA's TOPP programme. The programme is aimed at training prospective Chartered Accountants in Nampak through the Financial Management route. Students are employed on three- to five-year contracts.

Graduate Development Programme

The programme runs for two years and focuses on introducing new graduates to the Nampak group. It is aimed at addressing the skills shortage in engineering, finance and accounting, information technology and marketing. During the programme, young graduates are placed in jobs at divisions and complete an academic course involving individual and group assignments. Successful candidates are offered permanent employment in the group. The retention rate in this programme is a competitive 60%.

Manufacturing Techniques

The programme is aimed at supervisory and middle operational managers to build technical capabilities on world-class manufacturing and contains improvement techniques.

Business Excellence Programme

This programme concentrates on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.

Business Presentation Skills

This programme aims to enhance the presentation and engagement skills of managers in all disciplines across the business.

Negotiation Skills

This programme is aimed at developing skills in engagement with stakeholders in all disciplines across the business.

Frontline Excellence Programme

This programme assists frontline employees with knowledge of the business as well as how to interact with different stakeholders.

Investment in training and development by region

Region	2011 R million	2010 R million
South Africa	50.1	59.5
Rest of Africa	2.4	2.0
United Kingdom	4.5	2.9

In addition to the programmes mentioned on the previous page, training extends to a range of occupational health and environmental training courses, as well as industrial relations, code of conduct and business ethics, productivity improvement, health and safety, first aid and fire-fighting.

Staff spent an average of five days or forty hours per annum in training in South Africa. A total of 5 824 employees attended training in South Africa. Staff spent an average of 6.5 days or 52 hours per annum in training in the United Kingdom. Training is provided in the rest of Africa to meet operational requirements. Two employees attended management programmes in South Africa.

All management, team leaders and supervisory employees are currently subject to annual performance reviews using a standard performance management system.

Bursary scheme, tertiary grants, apprentices and learnerships

The company draws bursars in appropriate fields, with emphasis on selection from Nampak-partnered schools and communities, to provide a supply into the Graduate Development Programme.

Nampak currently has 281 registered apprentices and learnerships in its various South African divisions, down from 359 in 2010. This is due to the

disposals of businesses as well as the restructuring initiatives that have taken place during the year.

The plastics division in the United Kingdom and Ireland have seven apprentices.

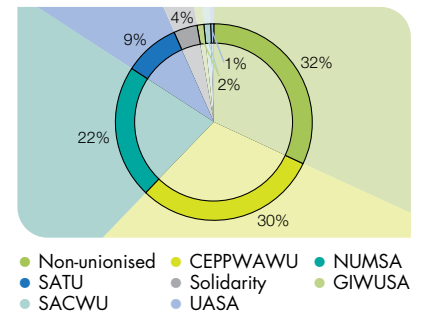
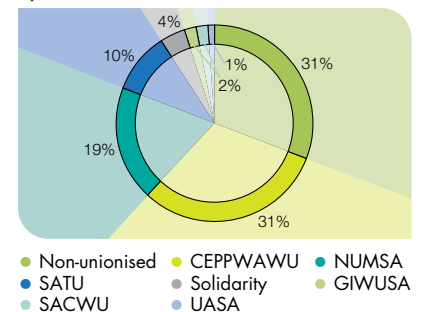
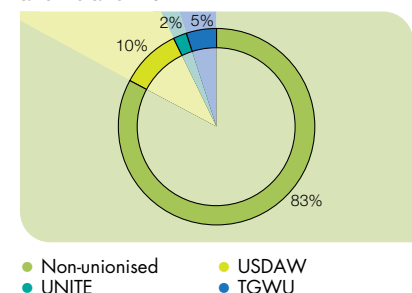
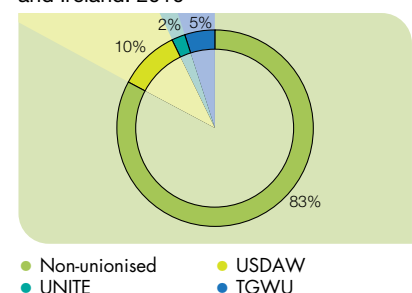
At least six months operational training was provided by Bevcan in South Africa to its employees who now work in Angola. Various operational training is provided to employees in the rest of Africa and some employees attend the managerial courses in South Africa.

Since 2001, the South African divisions have received funds totalling R84 million from the Department of Labour as a proportion of the skills development levy from the Fibre Processing and Manufacturing Sector Education and Training Authority (formerly the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority).

Employee relations

The South African divisions have a variety of participative structures at different levels for dealing with issues which affect employees. These include national framework agreements with all three major trade unions, namely Chemical Energy Paper Printing Wood Allied Workers Union, the National Union of Metalworkers of South Africa and South African Typographical Union, as well as plant based agreements with Solidarity, the General Industries Workers Union of South Africa, the South African Chemical Workers Union and United Associations of South Africa. Collective bargaining mechanisms, safety committees, employment equity and skills development committees, and other participative forums are operational within the South African divisions.

Collective labour and voluntary recognition agreements exist within the plastic operations in the United Kingdom and Ireland with the Union of Shop Distributive and Allied Workers, Unite the Union and Transport and

Number of non-unionised and unionised employees in the South African operations: 2011**Number of non-unionised and unionised employees in the South African operations: 2010****Number of non-unionised and unionised employees in plastics in United Kingdom and Ireland: 2011****Number of non-unionised and unionised employees in plastics in United Kingdom and Ireland: 2010**

General Workers Union. These structures are designed to achieve good employer and employee relationships through effective sharing of relevant information, the identification and resolution of conflict as well as consultation by management with employees.

Most wage settlements in the group were achieved without industrial action of any kind in 2011, except for the metals, rigid plastics and glass divisions in South Africa which were all affected by a two-week industry strike in mid-July.

In 2006, Nampak and Union Network International (UNI), a global union representing workers in the graphical and services sectors, which brings together over 900 different unions and over 15.5 million members, signed a Global Agreement on the respect and promotion of International Labour Standards. The agreement sets out the guiding principles by which UNI and Nampak complement existing workplace and national agreements in order to secure fundamental human rights, including the prohibition of child labour and discrimination. Focus is also placed on ensuring appropriate working conditions.

All employee grievances raised were satisfactorily resolved during the reporting period.

Benefits

Full time employees have access to a range of benefits in line with benefits in the local jurisdictions. These include benefits such as medical insurance, retirement funding, employee assistance programmes, educational assistance and awards for long service.

Employees in South Africa may apply for educational assistance for their children's primary and secondary school education where they are burdened with financial hardship and are unable to pay school fees at the commencement of the school year. Management considers assistance towards school fees for employees earning below a certain wage level for a period of one year and thereafter encourages individual personal savings to meet future school fee commitments. Educational assistance is provided on a case by case basis in the plastics division in the United Kingdom and Ireland.

Retirement briefings

Written communication is regularly sent to all members of pension and provident funds. Regular feedback sessions on

the performance in the retirement funds, together with any changes to rules or legislation are held with employees. Retirement counselling sessions are provided where required for groups of retirement fund members who are within five years of retirement.

Labour rights

It is Nampak's policy not to tolerate any form of unfair discrimination, inhumane treatment, forced or child labour, harassment or intimidation in the workplace. Group standards and policies are in place and training is provided to prevent unacceptable behaviours. Disciplinary action is taken when required.

Creating a healthy and safe workplace

Occupational Health and Safety

The group complies with the Occupational Health and Safety Act or similar legislation in the respective countries. Safety, health and environment committees are in place at factories to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees.

	Target 2012	Actual 2011	Target 2011	Actual 2010
Work related fatalities	zero	1 contractor	zero	1 contractor
Number of reportable injuries	Average of 14 per month	Average of 14 per month	Average of 20 per month	Average of 22 per month
Disabling injury frequency rate ¹	1.24	1.24	1.50	1.65

Note 1: Lost-time injury frequency rate per 200 000 man hours worked.

During 2009, the South African occupational health practitioners attended two-day workshops where they were trained on the standard operating procedures to be used at Nampak Clinics. Issues included: processing injury-on-duty claims in accordance with the Compensation of Occupational Injuries and Diseases Act, fitness for working, the process for thorough hazard identification and risk assessment, and the associated medicals were covered. This was followed-up during 2010 with training which focused on occupational legal compliance. During this reporting period, the group focused on ensuring legal compliance in the South African occupational health clinics and each clinic was audited at least twice during the year to ensure the correct standards were being maintained. In addition, there has been a strong combined focus by risk and occupational health practitioners to improve the on-boarding process of new employees with regards to health and safety.

Most of the occupational nurses who needed to upgrade their qualifications from a certificate to a diploma to meet the requirements of the South African Nursing Council Circular 01/2010 have done so during the year. The balance will complete their required qualifications during 2012.

Nampak Wiegand Glass achieved OSHAS certification during 2011.

In South Africa the following operations are working towards certification in 2012: Bevcen Epping, Bevcen Mobeni, Bevcen Rosslyn, Bevcen Springs, Flexibles Pinetown, Flexibles Ndabeni.

Eight of the plastics plants in the United Kingdom and Europe will achieve certification during November 2011.

Employee Assistance Programmes (EAP)

Nampak provides its staff and their immediate families with an independent programme to assist with personal and work-related problems through referral to appropriate external facilities, such as clinics, hospitals, community resources, childcare facilities, lawyers, psychologists and social workers. The EAP service is confidential, free and voluntary. Employees, whose work performance has been negatively affected by personal difficulties, may also be referred to the EAP programme by their immediate superior.

HIV/Aids

During the year, the South African operations decided to adopt SANS 16001 (HIV management system) as the guideline. The comprehensive health risk assessment survey results have been received by all operations. The key issues have been identified and programmes are being implemented where appropriate. Training of wellness committees is taking place and line managers and supervisors are being trained to identify and deal with incapacity, especially related to HIV/Aids. Ongoing peer education programmes are in place and employees are offered the opportunity to test for HIV status in the occupational health clinics and at special wellness days. In the rest of the group HIV/Aids is managed on a case by case basis.

Risk Control Standards

The Nampak Group Risk Control Standards cover facilities in South Africa, the United Kingdom as well as Cartons & Labels Nigeria, Corrugated Swaziland and Liquid Botswana. Willis

SA Limited, Nampak's insurance and risk management partner, provides assurance over the implementation of the standards, which includes an annual visit by Willis to each operation. Divisions also conduct their own self-audits on the risk control standards which are then subject to a peer audit by Nampak's risk control practitioners and a selective (one per division) verification audit by Willis before providing the assurance. The Plastics operations in the United Kingdom and Ireland have implemented a tailored health and safety audit system to comply with their insurance requirements. The Bevcen and Closures divisions are NOSA certified.

Elsewhere in Africa, the Lagos State Environmental Protection Agency in Nigeria requires health, safety and environmental audits of Nampak on a bi-annual basis. Accredited consultants Fatmahal Environmental Services Limited also perform monthly checks.

Corporate social investment

Nampak's primary focus under its corporate social investment strategy is contributing towards the development of selected communities located near its factories in the areas of education, health and welfare and the environment. These activities are largely directed towards the youth, with general support of communities through donations to various hospices and other charities.

The second principle aligns enterprise development and corporate social investment to initiatives which improve collection and recycling opportunities for its packaging products. Through the various programmes, the group aims to assess, manage and enhance the positive impacts of its operations on local communities.

The group has a target of allocating up to 1% of its profit after tax to corporate social investment. During 2011, nearly R13.3 million was spent in the following categories:

Category	Expenditure 2011 R million	Expenditure 2010 R million
Education	6.2	5.0
SABC education	2.5	n/a
Health and welfare	2.2	2.3
Environment	2.2	1.4
Various charities	0.2	0.2
	13.3	8.9

Education

During the year under review, Nampak spent R8.7 million on education initiatives.

Bursaries were awarded to the value of R2.8 million. The bursary scheme, which has been operating successfully for many years, provides assistance to high-potential learners for continuing education at tertiary institutions. Being a manufacturing organisation, the allocation of bursary funds is mainly to those learners who are studying towards science, engineering and accounting degrees. Wherever possible, employment opportunities identified within the group are offered to successful bursary holders. A total of 53 (up from 42 in 2010) bursars are currently involved in the scheme. The group was able to award additional bursaries during 2011 due to the additional contribution received from Bevcan's "Every-Can-Counts" campaign.

In addition, R105 000 was donated to Thuthuka Bursaries in support of three students studying for accounting degrees. Thuthuka is a project co-ordinated by the SA Institute of Chartered Accountants in order to increase the number of Black accountants in the country.

Nampak's school partnering programme is now in its ninth year. The schools chosen for this initiative are carefully selected and are in areas close to the group's South African factories where it is likely that employees' children will attend. Funds are spent on upgrading and equipping libraries, employing qualified librarians, administrative infrastructure, science laboratories, security and providing opportunities for teachers to enhance their skills and improve their own qualifications and bursaries for top students in mathematics, science and accounting. In addition, Nampak establishes and upgrades sports facilities in consultation with the school governing bodies.

The current partnered schools are:

- Lethulwazi Secondary School in Vosloorus, Gauteng
- Amogelang High School in Soshanguve, Gauteng
- Lebohlang High School in Boipatong, Gauteng
- Swelihle High School in Umlazi, KwaZulu-Natal
- Nkumbulo High School, Kwa-Thema, Gauteng
- Belhar High School in Belhar, Western Cape
- Luhlaza High School in Khayelitsha, Western Cape

As the facilities become established less funding is required by the schools and a maintenance position is adopted. Nampak appoints a school champion who is a Nampak employee for each school who is responsible for engaging with the headmaster, teachers and school governing bodies on a regular basis. These sessions provide an opportunity for feedback and also ensure that the programmes are adding value in the correct areas.

The ultimate goal is to provide career opportunities for learners within the group either directly from school or through further education support. The criteria for awarding bursaries to candidates from the Nampak partnered schools are in line with general bursary application evaluation with particular focus on academic performances during their final matric year in mathematics, science and accounting as well as the potential of such student for a future management position within Nampak. Three bursars who had completed their studies joined the group during 2011. This brings the total number of students from Nampak's partnered schools employed to date to 15.

The group plans to continue its involvement by growing the number of schools partnerships as funding allows.

SABC Matrics Uploaded Show

As a result of Bevcan's "Every-Can-Counts" campaign, the SABC received R2.5 million to develop the educational content that is broadcast on their daily Matrics Uploaded show. These programmes focus on preparing grades 10, 11 and 12 for final examinations, with special emphasis on the areas of mathematics and science.

Eco-Schools

The WESSA/WWF Eco-Schools programme is a whole school environmental development programme which helps schools to build their capacity to respond to environmental issues, by maximising the use of the environment as a learning tool through the national curriculum.

Nampak has supported the programme from a national perspective from when it was started in 2003 for six successive years. At the end of 2010 Nampak has once again committed to support South Africa's only nationally schools-based environmental education programme which is now into its 9th year.

With over 1 000 schools participating and in excess of 500 000 learners and 30 000 educators, the programme has a fantastic track record over its almost 10 year history, winning the *Mail & Guardian* Greening of the Future awards in 2009 and 2010 as well as numerous other awards such as the Climate Change Hero Awards for 2011.

The programme's innovative "change framework" teaches a new generation of consumers and leaders how to be part of the solution to our environmental challenges, rather than part of the problem. Promoting environmental education and awareness for conservation, biodiversity protection, food security and climate change adaptation are key focus areas. Schools follow a seven-step process that is then acknowledged with an eco-schools award and ultimately the international green flag of environmental excellence.

Carefully aligned with the national curriculum and responsive to new developments in the curriculum, the programme was adapted for South Africa at the Environmental Education and Sustainability Unit at Rhodes University as part of a peer-reviewed research process and is monitored by

a steering committee represented by senior members of the Department of Basic Education (DBE), the South African National Biodiversity Institute (SANBI), WWF, and the Department of Environmental Affairs (DEA). Implemented in South Africa by WESSA, the programme is part of the international Foundation for Environmental Education (FEE) which now has members in 51 countries around the world. It is one of the fastest growing environmental education programmes globally.

Eco-schools with Nampak's partnered schools in Gauteng

Funding from Nampak has registered four secondary schools in Gauteng on the Eco-school programme. Each school is different in terms of their context and environmental challenges but all have been working hard throughout the year to make a happier, healthier and greener school.

Healthy living was the theme selected by Nkumbulo Secondary School which started this process by planting fruit trees during Arbor week to create an orchard.

Initial audits revealed litter to be a dilemma for the remaining three schools, which Lebohang Secondary addressed through an anti-litter poster campaign and school clean-up day. Lethulwazi and Amogeleng Secondary are turning their waste into something positive by embarking on a recycling campaign with the support and facilities provided by Nampak Recycling. This will not only improve their environment but also generate funds to plough back into the school. The recycling programmes are driven by learners who have become environmental ambassadors for their schools and provide a great lesson in entrepreneurship. Competitions linked to anti-littering/recycling were run by all three schools in a range of categories, with some great prizes as motivation.



Health and welfare

Thembaletu (Our Trust) initiative

This assistance programme, facilitated by Nampak Tissue, manufacturers of Cuddlers disposable nappy brand, supplies specially branded disposable nappies to carefully chosen privately funded Aids orphanages. During 2011, almost 1.7 million nappies were donated.

Hospices

Nampak donated R594 000 to six hospices around the country for their work in caring for terminally ill people, including some of Nampak's employees and family members.

Environment

Animal proof dustbins

Nampak's support for waste disposal systems in the Kruger National Park dates back to 2006 when it supplied the first animal proof dustbins at a cost of R70 000. The bins were installed in Skukuza through a project driven by the Honorary Rangers. The initial bins did not provide for separation of waste and recycling. South African National Parks, the Honorary Rangers and Nampak worked together to design a new prototype of animal proof dustbin that provided for separation of recyclables from other waste. The redesigned high quality steel bins were piloted at Skukuza with an initial 150 bins installed at a cost of R800 000 in 2010. The trials have been successful and there have been no instances of baboons in the camp during the year. The bin's design has now been patented and an additional 286 bins were installed in the southern area camps during 2011 at a cost of R1.3 million. The long-term objective is to provide these bins in all South African National Parks camps and to develop an appropriate material recycling sorting facility to ensure increased recycling of packaging materials used at Skukuza.



Product and service innovation

Nampak's research & development department (R & D) has an impressive 65-year track record, and is at the forefront of its field, standing amongst the global leaders in packaging science and technology. It provides the group's customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles.

The skills set comprises a highly trained team of 30 scientists and 15 technologists utilising the latest state-of-the-art analytical and design tools. These experts have a formidable knowledge of material science, chemical analysis, food science and microbiology. They are backed by an extensive database compiled from decades of experience and case studies. This provides Nampak and its customers with the expertise to package their products in a way that enables them to gain a significant value-added advantage over the competitors.

Shifts in consumer attitude are researched in focus groups, by both Nampak and its customers, to enable R & D to keep pace with changing consumption trends. An innovation process and subsequently a specific innovation room has been established at R & D for Nampak divisions and customers to consider product advancements and designs.

Nampak aims to increase recyclability of packaging, believing this to be a more sustainable solution than biodegradability. Packaging extends the shelf life of products, but increased awareness of waste drives a trend to reduce perceived "over-packaging". This requires constant innovation from Nampak's various divisions.

Metals

Investigations into light-weighting both the two-piece and three-piece food can have resulted in a further reduction in can weights during the year. R & D continues with physical performance tests such as panelling and top-load of experimental light-weighted cans. Testing of lighter steel from international suppliers is continuous and various steel suppliers have been approved to supply Nampak. This initiative, which was born out of a cost-saving exercise, will result in significant resource conservation in the near future.

Lacquer system for metal packaging

Nampak R & D was successful in developing and patenting a printing technique on internal food can ends which can be used for promotional/marketing/competition purposes. This development is also compliant with local and international food safety regulations.

Paper

Constant work is done to establish new or different sources of raw material as potential recyclable waste paper, including identification of paper that is currently unsuitable for recycling.

Nampak Corrugated division has increased the portion of recycled paper in its board and has used all the board produced by the brown paper mill at Rosslyn in its products. Research continues to be conducted on strength tests between recycled and virgin material to determine an optimal level of recycled content. Alternative technologies to wax impregnation and coating are evaluated whenever it becomes available to ensure that more paper can be recycled.

R & D works very closely with our paper divisions to identify suitable international pulp and paper board suppliers for our diversified paper-based product range.

The cartons plants have aligned their purchasing strategies so that they are able to participate in the Forestry Stewardship Council Chain of Custody certification, which tracks certified material through all successive stages of manufacturing and distribution, from the forest to the consumer. This enables Nampak to meet customer requirements and to provide end-users of products with assurance that they are environmentally friendly.

Plastic

Light-weighting of PET bottles is being driven by Petpak, and R & D has measured carbonation retention and the physical properties to check their conformance with customers' standards. This exercise supports the introduction of a range of lighter bottles from 2011.

The group is monitoring the ongoing debate on the issue of biodegradable plastics for packaging. As long as biodegradable plastics are not regarded as a viable option due to their potential contamination of the recyclable plastics waste stream, the group is promoting resource conservation and recycling initiatives. There is a constant drive to increase the percentage of recycled PET in new PET bottles.

The Nampak R & D plastic laboratory is also involved in numerous testing and developments to improve the barrier properties on a range of plastic materials for food and beverage products. This includes the use of various oxygen scavenging materials.

Nampak Plastics United Kingdom have developed a lightweight milk bottle. For further details refer to page 60.

Compliance of packaging-chemical migration

Together with suppliers and customers, R & D is monitoring local and

international regulatory environment for changes which may impact on packaging compliance for food contact materials.

Product stewardship

Hazard Analysis Critical Control Point (HACCP) is an internationally recognised, systematic and scientific approach to the identification and control of hazards in food preparation, processing, manufacturing and use to ensure that the food is safe to consume. Altogether twelve South African plants operate according to the HACCP procedures. They are audited annually by the South African Bureau of Standards to verify conformity. In addition, the five corrugated operations and Flexible Pinetown run the AIB (American Institute of Bakers) programme, which incorporates the HACCP programme.

The Plastics plants situated in the United Kingdom that produce packaging for foodstuffs conform to the British Retail Consortium Institute of Packaging standard, which is held and required by all the major retailers and brand owners.

Nampak Wiegand Glass and Cartons & Labels, Epping and Denver are ISO 22000 certified. Sacks division achieved certification by the end of 2010. ISO 22000 for food safety management ensures integrity of the food supply chain. DivFood Vanderbijlpark is planning implementation during 2012.

Quality

Nampak holds ISO 9001:2001 Quality Management System certification at 56 of its operations globally. Fulfilment of this international standard effectively provides assurance about the quality, safety and reliability of Nampak's products.

Environmental performance

Nampak's environmental policy states its commitment to operating as an environmentally responsible company, and its belief that the integrated actions of its operations to conserve natural resources and protect the environment make business sense.

Overview

Nampak falls within the JSE sustainability index as a medium impact company on the environment. Its major impacts come in the form of the use of raw material it purchases (such as paper, board, tin plate, aluminium and various forms of plastic), the non-renewable source of electricity that is consumed which produces the bulk of its associated scope 2 CO₂ emissions in South Africa and the management of post-consumer waste, reuse and recycling.

Policy

Nampak strives to create packaging that is balanced in terms of providing product protection and preservation, is cost-effective, creates maximum consumer appeal with appropriate product information and at the same time takes into account environmental responsibility.

Nampak's environmental policy states its commitment to operating as an environmentally responsible company, and its belief that the integrated actions of its operations to conserve natural resources and protect the environment make business sense.

Nampak undertakes to ensure that any potentially harmful impacts of its processes and products on the environment are minimised by:

- considering the environment in all business decisions and actions;
- promoting environmental awareness, both internally and externally, including through proactive communications with stakeholders;
- continuously improving its internal environmental performance, measured by regular internal environmental audits where ISO 14001 certification is not in place;
- establishing internal controls which recognise legislated standards and practices as minimum requirements; and
- providing the necessary financial and human resources to give effect to its environmental policy.

Nampak is committed to complying with the law in all of its operations and beyond to minimise its risks and impacts by developing robust and documented systems to measure, monitor and communicate its environmental performance both within its operations and to the broader community. Consequently, an

environmental management system based on the ISO 14001 standard has been adopted within the group.

Internal environmental assessments conducted during 2011 have not identified any significant environmental impacts that required special attention.

In South Africa, ISO 14001 certification is currently held by DivFood Mobeni and Flexible Pinetown. In addition, the following operations achieved certification during 2011: Bevcan Epping, Bevcan Mobeni, Bevcan Rosslyn and Bevcan Springs, Closures Epping, Flexible Ndabeni and Nampak Wiegand Glass.

Closures Mobeni, Corrugated Pinetown and DivFood Vanderbijlpark and Nampak Tissue (nine operations) are on target to receive certification during 2012.

The Liquid plastics divisions will commence implementation in six of their major manufacturing sites during 2012, as well as at Elopak. The standards will be implemented at the smaller liquid plastics sites, but certification will not be sought.

Corrugated Wadeville, Corrugated Paper Mill, DivFood Paarl and the two Cartons and labels gravure plants will also commence implementation during 2012.

In Europe, seven of the plastics plants are ISO 14001 certified, with the one site having just been recommended for certification in 2012. Implementation will progress in due course at the newly acquired site.

Once the standards have been achieved in the major South African operations,

implementation will commence at the related material manufacturing sites in the rest of Africa.

Climate change

Key risks and opportunities

Climate change represents both risks and opportunities for Nampak. For a holding company as diverse as Nampak, with interests in paper, glass, metals and plastics, and with 91 manufacturing sites, Nampak facilities are susceptible to risks ranging from shortages of resources, severe weather events to logistics interruptions.

As a packaging supplier, Nampak is indirectly exposed to the same risks and opportunities as its customers. These are assessed and deliberated with customers at divisional level as the risks and opportunities could be different across the packaging material types. The major opportunities and risks are set out in the table below.

Environmental trends	Resultant opportunities and risks	Nampak's response
Shifts in agriculture	<ul style="list-style-type: none"> Changes in crop yields as well as ocean currents impacting on fish supplies and the associated packaging demands. Increased quality control requirements on products to prevent spoiling. 	<ul style="list-style-type: none"> Development of innovative packaging solutions to meet changing conditions.
Higher temperatures	<ul style="list-style-type: none"> Increased demand for beverages resulting in increased demand for packaging. 	<ul style="list-style-type: none"> Nampak's beverage canning, polyethylene terephthalate (PET) and glass bottling, closure and labels divisions would benefit from an increase in demand.
Resource shortages	<ul style="list-style-type: none"> Increase focus on recycling. Innovative packaging solutions to meet changing conditions. 	<ul style="list-style-type: none"> Light-weighting, recycling and other opportunities to reduce resource usage. Increased recyclable content and/or recyclability of products.
Shifts in consumer attitude towards more sustainable, less energy-intensive products	<ul style="list-style-type: none"> Products with a low carbon footprint. Increased recyclability of products. 	<ul style="list-style-type: none"> Initiatives to manufacture products for entities exporting to the European Union (EU). Innovative offerings through the group's significant research and development capability.

Nampak's research and development department consistently works on light-weighting, recycling and other opportunities to reduce resource usage and to increase recyclable content and/or recyclability of its products to address the resource shortage risk. The current projects are set out in more detail in the product service innovation section on pages 54 and 55 of this report.

Shifts in consumer attitude towards more sustainable, less energy-intensive products presents a business opportunity as Nampak manufactures several products that can help businesses and consumers exporting to the European Union (EU). Nampak's significant research and development capability offers opportunities for the company to respond to a changing consumer attitude and regulatory environment, as it allows Nampak to capitalise on movements in consumption patterns driven by environmental awareness.

Nampak has adopted a dual approach to climate change

The first approach is to establish a Nampak specific carbon footprint using the Greenhouse Gas Emission protocol and to set appropriate targets for

reductions. As more than 80% of Nampak's scope 1 and 2 greenhouse gas emissions in South Africa come from electricity consumption, the initial focus has been on obtaining specific improved efficiencies and reductions with projects already underway.

Energy-efficiency initiatives that are continuously reviewed within the group include:

- inspecting, repairing and upgrading the power factor correction equipment in each operation;
- replacing lighting with more efficient types of lamps and fittings in each operation;
- efficient operating of boilers;
- surveys on steam reticulation and steam losses;
- returning condensate to boiler hot-wells where such installations did not exist;
- monitoring compressors and their loading;
- eliminating leaks where they occur;
- introducing "phased start-up systems" at operations;
- balancing power reticulation within the factories; and
- using liquid petroleum gas in place of coal to reduce the carbon footprint.

The South African safety, health and environmental senior management committee reviews new opportunities as a standard meeting agenda item. Certain projects have attracted refunds from Eskom under its demand side management programme and a central agreement has been signed to cover activities in all the South African operations.

Carbon footprint

The following table provides an overview of Nampak's CO₂ emissions (CO₂e) for its South African operations. The calculation is performed by Carbon Calculated on data provided by the divisions and is based on the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard.

The electricity consumption for the year ended September is set out below:

	2011	2010
Electricity consumed ¹ (kWh)	510 721 924	554 227 870

Note 1: Based on continuing operations.

	2011 Metric tonnes of CO ₂ e	2010 Metric tonnes of CO ₂ e
South African and United Kingdom employees (continuing operations)	9 421	9 774
Percentage employees covered by this report	100%	100%
South African and United Kingdom external revenue in R million	14 468.89	14 560.80
Scope 1 direct emissions		
Equipment owned or controlled (e.g. generators)	155 340.11	131 345.89
Air conditioning and refrigeration gas refills	37.45	40.93
Vehicle fleet	5 968.02	5 933.03
Total scope 1 emissions	161 345.58	137 319.86
Scope 2 indirect emissions		
Purchased electricity	546 159.96	610 783.97
Total scope 1 and 2 emissions	707 505.55	748 103.83
Scope 3 indirect emissions		
Business travel in rental cars	178.68	259.99
Business travel in commercial airlines	8 236.28	3 365.74
Business travel overnight accommodation	52.78	20.01
Outsourced transport (UK only)	5 329.22	5 057.37
Consumption of office paper	299.61	426.57
Total scope 3 emissions	14 096.57	9 129.68
Total scope 1, 2 and 3 emissions (GHG Protocol)	721 602.13	757 233.50
Non-Kyoto Protocol GHG emissions ¹	2 227.55	995.86
Total emissions CO₂e (metric tonnes)	723 829.68	758 229.36
Emissions per full-time employee (t/FTE)	76.83	77.58
Intensity % t CO ₂ e from electricity	75%	81%
Kilowatt hours consumed	593 977 066	636 218 128
Electricity intensity per kWh per t/FTE	63 048.20	65 092.91
Tonnes of CO ₂ e per million rand revenue	50.02	52.07

Nampak has commenced the collection of data for the rest of Africa with a view to including data in future reports.

The current project which continues to increase recycled content in products and reduce CO₂ emissions is set out below:

Nampak Plastics United Kingdom HDPE milk bottle

During 2011 Nampak Plastics United Kingdom demonstrated its commitment to sustainability with its continued focus on manufacturing environmentally friendly milk packaging and the implementation of a range of initiatives to reduce the company's own carbon footprint.

Nampak has always led the market in reducing the environmental impacts of producing and consuming liquid milk and with its partners produced the world's first post-consumer recycled milk bottle. The company continues to lead the industry in sustainable milk packaging through the inclusion of at least 10% recycled material (rHDPE) in all the milk bottles it produces in the UK and Ireland.

Nampak is on track to increase its levels of recycled content ahead of the targets set in the Dairy Roadmap for the inclusion of up to 30% rHDPE by 2015 and 50% by 2020. The Dairy Roadmap is a dairy industry initiative of which Nampak is a founder member and its aim is to minimise the environmental impact of the entire dairy supply chain.

Nampak is currently conducting its own blow moulding processing trials under manufacturing conditions on the addition of 30% and 50% rHDPE into all the milk bottles it produces. These trials build on the study Nampak commissioned by the University of Bradford in 2010 to investigate the effects of adding increasing levels of rHDPE to virgin material. The research confirmed that the addition of 50% recycled content is feasible.

Nampak is also currently investigating the use of sugarcane-based high-density polyethylene (HDPE) plastics in its milk bottles.

Lighter bottles also play a major part in environmental performance and again Nampak leads by manufacturing the lightest weight plastic milk bottles.

This spring Nampak launched its new Infini® bottle to the UK market. Infini is a major evolution in the design of the plastic milk bottle and has been specifically designed to be light-weighted. It has significant benefits over the standard bottle design and in particular it offers an average 15% weight saving across the range with specific bottle sizes achieving savings as high as 21%, whilst at the same time continuing to meet current performance specifications.

The Infini bottle's innovative design has been selected as the optimum solution to the light-weighting challenge and

the HDPE bottle is fully recyclable so consumers can recycle it in exactly the same way as the standard bottle.

The Infini project will drive a total required investment plan of around £9 million on implementing the bottle range in addition to the £1 million spent on developing the design. Nampak's total production of milk bottles – currently two billion per annum – will move to the new light-weighted Infini design over the next few years.

The company also operates a successful and sustainable in-plant model at six out of its nine sites including a new in-plant in Ballymena, Northern Ireland in which the company invested £3 million in 2010. In-plants – where bottles are taken straight 'through the wall' from the bottle manufacturing process to the filling line at customers' sites – significantly cut down on transportation, overall vehicle movements and reduce carbon emissions.

In addition Nampak has introduced a range of energy efficiencies across the board at its sites resulting in a 6% reduction in energy consumption per tonne of material year-on-year.

In 2010 Nampak received a 'high recommendation' in the Business Commitment to the Environment (BCE) Environmental Leadership Awards which are given to businesses that can demonstrate they are making a real difference to their impact on the environment.

Nampak recognises the need to ensure consumers remain committed to recycling and is playing its part in increasing the public's understanding through its educational-based website www.bottle2bottle.com.



Carbon disclosure project (CDP)

Nampak participated in the CDP during the year under review. The carbon disclosure project provides a co-ordinating secretariat for institutional investors. It seeks information on their behalf on the business risks and opportunities presented by climate change and green house gas emissions' data from the world's largest companies.

As global understanding of climate change and the associated risks and opportunities continues to develop, investors are increasingly demanding more advanced corporate disclosure on carbon emissions. In particular, they want to understand the potential impact on their investment due to:

- taxation and regulation;
- changes in climate system;
- technological innovations; and
- shifts in consumer attitudes and demand.

In South Africa, the top 100 companies listed on the JSE, including Nampak, were invited to participate in the CDP questionnaire. Nampak participated on a disclosed basis.

Water consumption and source

The bulk of Nampak's water requirements are provided by municipal sources. Nampak's operations

commenced the collection of data on water consumption during 2010.

Total water consumption

Consumption in kilo litres	2011	2010
South Africa	5 362 679	5 361 434
United Kingdom	25 800	25 800

Waste management

Nampak's operations do not generate significant levels of waste. Wherever possible, raw material and other waste are recycled. Group service agreements are in place with certified providers for other general and hazardous waste removal.

Biodiversity

Nampak's operations are not situated in or adjacent to protected areas.

Environmental incidents

Nampak is pleased to report that there were no significant spills or environmental incidents during the year under review.

Participation in industry recycling initiatives

Packaging is a vital component of modern living, providing protection, portability, preservation and convenience, as well as increasing attraction to customers' products.

The group is acutely aware of the impact that packaging products can have on the environment. As a consequence, the group is directly involved in many recycling initiatives, including the following:

Metals

Collect-a-Can which is a joint venture between Nampak and Arcelor Mittal, collects and recycles used beverage cans. Collect-a-Can is subsidised by shareholders to create an incentive for people to collect cans. It operates across borders on the subcontinent, where cans of South African and Angolan origin are sold.

Southern Africa is a world leader in steel beverage cans recovery rates at 70% in 2011 (69% in 2010). These figures make the beverage can the most successfully recycled primary packaging in South Africa. In the latest published steel can recycling rates (2007), South Africa remains in the top five reported. The worldwide economic slowdown has had a negative impact on steel recycling rates in more recent years.

Glass

Roughly 37% (up from 33% in 2010) of glass produced in South Africa is currently recycled. Nampak, together with other industry players and government participated in the restructuring of the South African glass recycling supply chain, and was also a

founding sponsor of The Glass Recycling Company, which aims to promote and increase the recovery rate of glass by creating awareness about the importance of protecting the environment.

Nampak Wiegand Glass uses 45% cullet, which is recycled waste glass, in its manufacturing process, thus reducing energy consumption and greenhouse gas emissions.

Paper

The recycling rate for the recovery of paper as a percentage of recoverable paper in South Africa is steadily increasing and was 58% during 2010 (57.5% in 2009), as reported by the Paper Recycling Association of South Africa.

Cartons & Labels in Epping subscribe to the Forest Stewardship Council (FSC) which provides global standards for forest management. As part of the process, forest products are tracked through processing, conversion, distribution and printing before the product can carry the final FSC label and the independently verified Chain of Custody certification.

Plastics

The South African plastics divisions continue to participate in the sustainability initiatives driven by Plastics SA, previously known as the Plastics

Federation of South Africa. Nampak's executives are active at Plastics SA. During 2011, a sustainability sub-committee was formed with representation from various polymer groups and retailers. The focus of this committee includes electronic waste, waste management, clean-up events, education, energy efficiency opportunities, container management and recycling.

In terms of PET products, the focus is on source reduction and reuse-ability.

Nampak Closures has introduced the "Super Shorty" closure for carbonated soft drink PET bottles. This closure weighs 2.4g versus 3.2g for the existing closure. As a result of the introduction of the closure, most customers have reduced the weight of their 500ml, 1 litre and 2 litre bottles.

The target weights for PET bottles are set out in the next table.

Bottle size	Current weight (grams)	Target weight (grams)
2 litre	54	45.75
1 litre	38	33.75
500ml	28	21.15

Petco is an industry-driven and financed environmental solution for PET packaging. Nampak was one of the

founding members and remains active with two representatives on the current Petco (Pty) Limited board. Petco was registered in December 2004. The main objective is ongoing consumer and public awareness of recycling initiatives. Petco fulfils the industry role of extended producer responsibility.

During 2010 38% of beverage PET was recycled (32% in 2009).

There are many end-uses for recycled PET in the form of:

- staple fibres (carpeting, clothing, sleeping bags, pillows and duvets);
- ceiling insulation;
- geotextiles (road stabilisation); and
- new PET containers for both food and non-food products.

Megapak division has joined a working group who are engaging with the South African Bureau of Standards to consider the SANS 10406 standard with which re-conditioners of plastic containers have to comply. The protocol for the standard is in the final stage of approval by SABS. Once approval is obtained, a new body will be formed comprising of new drum manufacturers, reconditioners, fillers and users.

Polyolefin recycling company was formed in August 2011 including industry players with one of the aims being to increase the recycling of polyolefins.

Significant progress has been made on the recycling of plastic milk bottles in the United Kingdom and details of this initiative and targets can be found on page 60 of this report.

Waste Management Act, 2008

The National Environmental Management: Waste Act, 2008 (the Act) empowers the Minister of Environmental Affairs to require certain industries to develop Industry Waste Management Plans, including the paper and packaging sector. Whilst the Minister of Environmental Affairs has not formally gazetted the need for an industry plan, the Packaging Council of South Africa (PACSA), whose convertor members account for some 70% of the turnover of the packaging industry in South Africa proactively established the appropriate structures that could develop the industry waste management plan. In 2006, PACSA formed the Recovery Action Group (RAG) which consists of the material organisations representing the paper industry and the major packaging materials (metals, plastics and glass as well as paper). RAG was tasked to work together on common issues relating to recycling and to ensure more effective communication channels were established between industry and government. Perchards Limited, a leading international consulting company that specialised in recycling policy and packaging producer responsibility legislation and systems

around the world, was appointed to assist PACSA and RAG with the development of an appropriate industry waste management plan which would be relevant and viable in the South African context.

The comprehensive draft plan was finalised and submitted to government for consideration during August 2011. All parties involved have agreed to proceed with discussions with government with a view to finalising and commencing implementation in a practical manner.

Details of the plan will become transparent as engagement with government commences.

Internal collection and recycling initiatives

Glass

Nampak's recycling division collected 84 000 tonnes of cullet during 2011 as part of its expanded business model to include the collection of glass in addition to its paper and board.

Paper and board

Nampak collected and recycled some 221 000 tonnes of waste paper and board in 2011 in line with 2010.

Plastics

Nampak Polycyclers converted some 5 050 tonnes in 2011 (3 100 tonnes in 2010) of recycled polyethylene into crates, refuse bins and buckets.



GRI index

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator	Reference	Fulfilment and comment	
		Section	Page
1. Strategy and analysis			
1.1	Statement from chairman about the relevance of sustainability to the organisation and its strategy	Chairman's review	14 <input checked="" type="checkbox"/>
1.2	Description of key impacts, risks and opportunities	Chairman's review Chief executive's report Corporate governance: Key risks	14 17 – 19 84 – 85 <input checked="" type="checkbox"/>
2. Organisation profile			
2.1	Name of the organisation	Nampak Limited	<input checked="" type="checkbox"/>
2.2	Primary brands, products, and/or services	Business operations Operational review	19 – 26 <input checked="" type="checkbox"/>
2.3	Operational structure of the organisation	Group structure	4 <input checked="" type="checkbox"/>
2.4	Location of organisation's headquarters	Corporate information	2 <input checked="" type="checkbox"/>
2.5	Countries where the organisation operates	Where we operate	3 <input checked="" type="checkbox"/>
2.6	Nature of ownership and legal form	Group structure Shareholders' analysis	4 12 – 13 <input checked="" type="checkbox"/>
2.7	Markets served	Where we operate Operational review	3 20 – 26 <input checked="" type="checkbox"/>
2.8	Scale of the reporting organisation (number of employees, number of operations, net sales, market capitalisation, quantity of products, total assets, major shareholder)	Social performance Group structure Our business Group statement of financial position Shareholders' analysis	4 2 120 12 – 13 <input checked="" type="checkbox"/>
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Scope and boundary of the report	IFC <input checked="" type="checkbox"/>
2.10	Awards received	Group overview Sustainability at Nampak	1 <input checked="" type="checkbox"/>
3. Report parameters			
3.1	Reporting period for information provided	Scope and boundary of the report	IFC <input checked="" type="checkbox"/>
3.2	Date of most recent previous report	Scope and boundary of the report	IFC <input checked="" type="checkbox"/>
3.3	Reporting cycle	Scope and boundary of the report	IFC <input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
 Partially covered
 Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
3.4	Contact point for questions regarding the report or its contents	Corporate information	220	<input checked="" type="checkbox"/>
3.5	Process for defining report content	Nampak's reporting approach	IFC	<input checked="" type="checkbox"/>
3.6	Boundary of the report	Scope and boundary of the report	IFC	<input checked="" type="checkbox"/>
3.7	Specific limitations on the scope or boundary of the report	Scope and boundary of the report	IFC	<input checked="" type="checkbox"/>
3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Scope and boundary of the report	IFC	<input checked="" type="checkbox"/>
3.9	Data measurement techniques and the bases of calculations	About this report Accounting policies Definitions	IFC 124 – 135 34	<input checked="" type="checkbox"/>
3.10	Effect of any re-statements of information provided in earlier reports	Nampak's reporting approach Accounting policies	IFC 124 – 135	<input checked="" type="checkbox"/>
3.11	Significant changes from previous reporting periods	Scope and boundary of the report	IFC	<input checked="" type="checkbox"/>
3.12	Table identifying the standard disclosures in the report	GRI index	64 – 73	<input checked="" type="checkbox"/>
3.13	External assurance for the report	Scope and boundary of the report	IFC	<input checked="" type="checkbox"/>
4. Governance, commitments, and engagement				
4.1	Governance structure of the organisation	Corporate governance report: Governance framework and structure	74 – 81	<input checked="" type="checkbox"/>
4.2	Indicate whether the chair of the highest governance body is also an executive officer	Corporate governance report: Board of directors	75	<input checked="" type="checkbox"/>
4.3	Independent and/or non-executive members of the highest governance body	Corporate governance report: Board of directors	75	<input checked="" type="checkbox"/>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
4.5	Linkage between compensation for members of governance bodies, senior managers and executives, and the organisation's performance	Remuneration report	88 – 107	<input checked="" type="checkbox"/>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate governance report: Board of directors	75	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees	Corporate governance report: Board of directors	75	<input checked="" type="checkbox"/>
4.8	Missions or values, codes of conduct, and principles	Corporate governance report: Integrity and ethical behaviour	82	<input checked="" type="checkbox"/>
4.9	Procedures of the highest governance body for overseeing the organisation's sustainability performance	Corporate governance report: Board committees	75	<input checked="" type="checkbox"/>
4.10	Processes for evaluating the highest governance body's own performance	Corporate governance report: Board, committee and director evaluations	81	<input checked="" type="checkbox"/>
4.11	Precautionary approach	Not reported		
4.12	Externally developed charters, principles, or other initiatives to which the organisation subscribes or endorses	Economic performance	43 – 46	<input checked="" type="checkbox"/>
4.13	Memberships in associations and/or national/international advocacy organisations	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
4.14	List of stakeholder groups	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
4.15	Basis for identification and selection of stakeholders	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
4.16	Approaches to stakeholder engagement	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
4.17	Key topics and concerns raised through stakeholder engagement	Not reported		
Economic				
Disclosure on management approach		Group overview Business operations Operational review Economic performance Annual financial statements	1 6 – 7 20 – 26 43 – 46 112 – 212	<input checked="" type="checkbox"/>
Aspect: Economic performance				
EC1	Direct economic value generated and distributed	Chief financial officer's review Economic performance: wealth created and distributed Value added statement Annual financial statements	28 112 – 212	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
 Partially covered
 Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
EC2	Financial implications and other risks and opportunities due to climate change	Environmental performance: Climate change	57 – 58	<input checked="" type="checkbox"/>
EC3	Coverage of the benefit plan obligations	Annual financial statements	112 – 212	<input checked="" type="checkbox"/>
EC4	Significant financial assistance received from government			<input checked="" type="checkbox"/> Nampak does not receive financial assistance from any government.
Aspect: Market presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage	Not reported		
EC6	Policy, practices, and proportion of spending on locally based suppliers	Economic performance: Broad-Based Black Economic Empowerment	44 – 46	<input checked="" type="checkbox"/>
EC7	Local personnel (hiring and proportion of senior management hired from the local community)	Economic performance: Broad-Based Black Economic Empowerment	44 – 46	<input checked="" type="checkbox"/>
Aspect: Indirect economic impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	Economic performance: Social economic development Corporate social investment	46 51 – 54	<input checked="" type="checkbox"/>
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts			<input checked="" type="checkbox"/> Immeasurable economic value is created by Nampak's packaging products through the protection and prevention of deterioration of food and beverage products, thereby considerably reducing the waste of scarce resources.
Environment				
Disclosure on management approach		Group overview Business operations Environmental performance	1 6 – 7	<input checked="" type="checkbox"/>
Aspect: Materials				
EN1	Materials used by weight or volume	No reported		
EN2	Percentage of materials used that are recycled input materials	Group overview Environmental performance: Internal collection and recycling initiatives	1 63	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
Aspect: Energy				
EN3	Direct energy consumption by primary energy source	Environmental performance: Climate change	57 – 58	<input checked="" type="checkbox"/>
EN4	Indirect energy consumption by primary source	Environmental performance: Carbon footprint	58 - 61	<input checked="" type="checkbox"/>
EN5	Energy saved	Environmental performance: Climate change	57 – 58	<input checked="" type="checkbox"/>
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Environmental performance: Climate change Nampak's approach to sustainable packaging	57 – 58 39	<input checked="" type="checkbox"/>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Not reported		
Aspect: Water				
EN8	Total water withdrawal by source	Environmental performance: Water consumption and source	61	<input checked="" type="checkbox"/>
EN9	Water sources significantly affected by withdrawal of water	Not reported		
EN10	Percentage and total volume of water recycled and reused	No reported		
Aspect: Biodiversity				
EN11	Location and size of land adjacent to protected areas	Not reported		<input type="checkbox"/>
EN12	Description of significant impacts of business activities on biodiversity			<input type="checkbox"/> Nampak's business operations do not have a significant impact on biodiversity.
EN13	Habitats protected or restored	Not applicable		<input type="checkbox"/>
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Not applicable		<input type="checkbox"/>
EN15	Endangered species and level of extinction risk	Not applicable		<input type="checkbox"/>
Aspect: Emissions, effluents, and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	Environmental performance: Carbon footprint	58 – 61	<input checked="" type="checkbox"/>
EN17	Other relevant indirect greenhouse gas emissions by weight	Environmental performance: Carbon footprint	58 – 61	<input checked="" type="checkbox"/>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Environmental performance: Climate change, Carbon footprint	57 – 61	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
 Partially covered
 Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
EN19	Emissions of ozone-depleting substances by weight	Not reported		
EN20	NO _x , SO _x and other significant air emissions by type and weight	Not reported		
EN21	Total water discharge	Not reported		
EN22	Total weight of waste by type and disposal method	Not reported		
EN23	Total number and volume of significant spills	Environmental performance: Environmental incidents	61	<input checked="" type="checkbox"/> Nampak did not experience any significant spills during the review period.
EN24	Weight of transported hazardous waste	Not reported		
EN25	Water bodies and related habitats significantly affected by the discharges of water	Not applicable		<input type="checkbox"/>
Aspect: Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Nampak's approach to sustainable packaging Social performance: Product and service innovation Environmental performance: Participation in industry recycling initiatives	38 – 39 54 – 55 61 – 63	<input checked="" type="checkbox"/>
EN27	Reclaimed product packaging materials by category	Group overview Environmental performance: Internal collection and recycling initiatives	1	<input checked="" type="checkbox"/>
Aspect: Compliance				
EN28	Monetary and non-monetary sanctions for non-compliance with environmental laws and regulations			<input checked="" type="checkbox"/> Nampak did not receive any sanctions for environmental non-compliance.
Aspect: Transport				
EN29	Impacts of transporting products, goods, materials and workforce	Environmental performance: Climate change	57 – 58	<input checked="" type="checkbox"/>
Aspect: Overall				
EN30	Total environmental protection expenditures and investments	Not reported		<input type="checkbox"/>
Labour practices and decent work				
Disclosure on management approach		Social performance: Employee relations, Labour rights	49 – 50	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
Aspect: Employment				
LA1	Total workforce	Social performance: Staff complement	47	<input checked="" type="checkbox"/>
LA2	Total number and rate of employee turnover and new employee hires	Not reported		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time workers	Social performance: Benefits Employee assistance programmes	50 – 51	<input checked="" type="checkbox"/>
LA15	Return to work and retention rates after parental leave, by gender	Not reported		
Aspect: Labour/management relations				
LA4	Percentage of employees covered by collective bargaining agreements	Social performance: Employee relations	49 – 50	<input checked="" type="checkbox"/>
LA5	Minimum notice period(s) regarding significant operational changes	Social performance: Staff complement Remuneration report	47 105	<input checked="" type="checkbox"/>
Aspect: Occupational health and safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	Not reported		
LA7	Rates of injury, occupational diseases, lost days and number of work-related fatalities	Social performance: Creating a healthy and safe workplace	50 – 51	<input checked="" type="checkbox"/>
LA8	Education, training, counselling, prevention, and risk-control programmes regarding serious diseases	Social performance: Creating a healthy and safe workplace People development and talent management	50 – 51 48 – 49	<input checked="" type="checkbox"/>
LA9	Health and safety topics covered in formal agreements with trade unions			<input checked="" type="checkbox"/> Policy frameworks on these aspects discussed with trade unions.
Aspect: Training and education				
LA10	Average hours of training per employee	Social performance: People development and talent management	48 – 49	<input checked="" type="checkbox"/>
LA11	Programmes for skills management and lifelong learning	Social performance: People development and talent management	48 – 49	<input checked="" type="checkbox"/>
LA12	Percentage of employees receiving regular performance and career development reviews	Social performance: People development and talent management	48 – 49	<input checked="" type="checkbox"/>

Core indicator
Additional indicator

- Completely covered
 Partially covered
 Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
Aspect: Diversity and equal opportunity				
LA13	Composition of governance bodies and diversity of employees	Corporate governance report: Board of directors Economic performance: Employment equity	75 44 – 46	<input checked="" type="checkbox"/>
Aspect: Equal remuneration for women and men				
LA14	Ratio of basic salary of men to women	Not reported		
Human rights				
Disclosure on management approach		Social performance: Corporate governance	74 – 83	<input checked="" type="checkbox"/>
Aspect: Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that includes human rights clauses	Not reported		
HR2	Percentage of significant suppliers and contractors and other business partners that have undergone screening on human rights	Not reported		
HR3	Employee training concerning aspects of human rights	Social performance: Investment in training and development by region		<input checked="" type="checkbox"/>
Aspect: Non-discrimination				
HR4	Total number of incidents of discrimination and actions taken	Corporate governance report: Integrity and ethical behaviour	82	<input checked="" type="checkbox"/>
Aspect: Freedom of association and collective bargaining				
HR5	Hazard to the right to exercise freedom of association and collective bargaining, and actions taken	Social performance: Labour rights, Employee relations	50 – 51	<input checked="" type="checkbox"/>
Aspect: Child labour				
HR6	Risk for incidents of child labour, and measures taken	Social performance: Labour rights, Employee relations	50 – 51	<input checked="" type="checkbox"/>
Aspect: Forced and compulsory labour				
HR7	Risk for incidents of forced or compulsory labour, and measures taken	Not applicable		<input type="checkbox"/>
Aspect: Security practices				
HR8	Percentage of security personnel trained in procedures concerning aspects of human rights	Not applicable		<input type="checkbox"/>
Aspect: Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported		

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
Aspect: Assessment				
HR10	Percentage of operations subject to human rights reviews	Not reported		
Aspect: Remediation				
HR11	Grievances relating to human rights filed			<input checked="" type="checkbox"/> Nampak has had no filings relating to human rights grievances.
Social: Society				
Disclosure on management approach		Social performance	47 – 55	<input checked="" type="checkbox"/>
Aspect: Local community				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Social performance: Corporate social investment Economic performance: Socio-economic development	51 – 54 46	<input checked="" type="checkbox"/>
SO9	Operations with significant potential or actual negative impacts on local communities			<input checked="" type="checkbox"/> Nampak's operations do not have a significant negative impact on the communities in which it operates.
S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities			<input checked="" type="checkbox"/> Nampak's operations do not have a significant negative impact on the communities in which it operates.
Aspect: Corruption				
SO2	Percentage and total number of business units analysed for risks related to corruption	Not reported		
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	Corporate governance report: Integrity and ethical behaviour	82	<input checked="" type="checkbox"/> Ongoing training provided
SO4	Actions taken in response to incidents of corruption	Corporate governance report: Integrity and ethical behaviour	82	<input checked="" type="checkbox"/>
Aspect: Public policy				
SO5	Public policy positions and participation in public policy development and lobbying	Stakeholder engagement	40 – 41	<input checked="" type="checkbox"/>
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country			<input checked="" type="checkbox"/> Nampak does not make any contributions to political parties.

Core indicator
Additional indicator

- Completely covered
- Partially covered
- Not material

Indicator		Reference		Fulfilment and comment
		Section	Page	
Aspect: Anti-competitive behaviour				
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Corporate governance report: Integrity and ethical behaviour	82	<input checked="" type="checkbox"/>
Aspect: Compliance				
SO8	Sanctions for non-compliance with laws and regulations		82 – 83	<input checked="" type="checkbox"/> Nampak has not had any material sanctions relating to laws and regulations.
Product responsibility				
Disclosure on management approach		Nampak's approach to sustainable packaging Social performance: Product and service innovation	39 54 – 55	<input checked="" type="checkbox"/>
Aspect: Customer health and safety				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Social performance: Product and service innovation	54 – 55	<input checked="" type="checkbox"/>
PR2	Total number of incidents of non-compliance with health and safety regulations by type of outcomes	Social performance: Creating a healthy and safe workplace	50 – 51	<input checked="" type="checkbox"/>
Aspect: Product and service labelling				
PR3	Type of product and service information required	Social performance: Product and service innovation	54 – 55	<input checked="" type="checkbox"/>
PR4	Total number of incidents of non-compliance with regulations concerning product and service information and labelling	Not reported		
PR5	Practices related to customer satisfaction			<input checked="" type="checkbox"/> Customer surveys are undertaken on an ongoing basis.
Aspect: Marketing communications				
PR6	Programmes for adherence to laws and standards related to marketing communications, promotion, and sponsorship	Not reported		
PR7	Total number of incidents of non-compliance with regulations concerning marketing communications	Not applicable		<input type="checkbox"/>
Aspect: Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable		<input type="checkbox"/>
Aspect: Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			<input checked="" type="checkbox"/> Nampak did not receive any significant fines in this regard.

Introduction

Nampak's board of directors is committed to ensuring that the group adheres to the highest standards of corporate governance in the conduct of its business. The group's structures and processes are adapted from time to time to reflect best practice standards.

King III

The board is of the opinion that Nampak complied with the principles of King III during the year under review, save for the exceptions which are set out in table 1 below.

Table 1

King III non-compliance

King III principles	Nampak's approach
The evaluation of the board, its committees and individual directors should be performed every year.	The board has an external evaluation carried out every second year. The chairman of the remuneration committee will co-ordinate a performance review for the group chairman annually.
A governance framework should be agreed upon between the group and its subsidiary boards.	Reporting between the group and its subsidiaries is governed by internal policies and procedures and a formal governance framework is not considered essential.
The board should determine the levels of risk tolerance.	A process has commenced to determine the group's level of risk tolerance and this process will be completed during the 2012 financial year.
The board should receive assurance regarding the effectiveness of the risk management process.	The internal audit function, as carried out by Ernst & Young, performed a limited scope audit of the risk management process during the year under review. This will be extended to a full scope audit in the next financial year.
The board should delegate to management implementation of an effective compliance framework and processes.	The operating entities in Nampak are required to identify laws, rules and standards that apply to the environment in which they operate and to ensure compliance therewith. The operating entities are kept abreast of legislative changes and compliance requirements from a group level.
Sustainability reporting and disclosure should be independently assured.	The company is in the early stages of full sustainability reporting and disclosure and independent assurance is not feasible at this stage. Partial independent assurance will be sought in 2012 as the process matures.

Companies Act, No 71 of 2008 and JSE Listings Requirements

The Companies Act, No 71 of 2008 came into force on 1 May 2011 and the board is committed to compliance with the provisions of the Act. In terms of the Act, Nampak has until 30 April 2013 to make any amendments that may be required to its memorandum of

incorporation to bring it in line with the Act.

The company continues to comply with the JSE Listings Requirements.

Governance framework and structure

The board is the highest governing authority in the group and has ultimate

responsibility for corporate governance. A sound corporate governance framework is in place and is considered by the board to be essential for sustainable value creation. The underlying structures and processes are renewed regularly to ensure alignment with King III, the Companies Act, No 71 of 2008 and best practice.

Board of directors

Independent non-executive directors

TT Mboweni (chairman)
RC Andersen
RJ Khoza
PM Madi
VN Magwentshu (appointed on 3 February 2011)
DC Moephuli
CWN Molope
RV Smither
PM Surgey

Executive directors

AB Marshall (chief executive officer)
G Griffiths (chief financial officer)
FV Tshiqi (group human resources director)

Board committees

Audit committee

RV Smither (chairman)
RC Andersen
VN Magwentshu (appointed on 27 July 2011)
CWN Molope

Nomination committee

TT Mboweni (chairman)
RC Andersen
RJ Khoza (appointed on 1 February 2011)
PM Surgey

Social, ethics and transformation committee

PM Madi (chairman)
VN Magwentshu (appointed on 27 July 2011)
PM Surgey

Remuneration committee

PM Surgey (chairman)
RC Andersen
TT Mboweni

Risk and sustainability committee

CWN Molope (chairperson)
PM Madi
DC Moephuli
PM Surgey
Ex officio: RV Smither as chairman of the audit committee

Group executive committee

AB Marshall (chief executive officer)
CH Bromley
PA De Weerd
G Griffiths
RG Morris
SE Msane
ZK Nzimande
FV Tshiqi
NP O'Brien (secretary)

Board of directors

Membership

The board is responsible for the strategic direction of the group, while also maintaining control over all material matters affecting the group.

Nampak's board comprises three executive and nine non-executive directors. All the non-executive directors are considered by the board to be

independent in terms of the definition set out in King III and the JSE Listings Requirements.

The positions of chief executive officer and chairman are separated, with responsibilities divided between them for matters affecting the board and management. The division of responsibilities ensures a balance of power and authority. The chairman

leads the board and ensures that all relevant information is placed before it for decision. The chief executive officer is responsible for the operation of the businesses, the development of strategy, the submission of business plans and budgets to the board for consideration.

All directors are subject to retirement and re-election by shareholders every

three years, other than the chief executive officer during the period of his service contract. Re-election takes place on a staggered basis to ensure continuity, but re-appointment is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment.

The nomination committee follows a formal process in considering the appointment of directors and then

makes recommendations to the board for any such appointments. In making appointments the board considers skills, knowledge, experience and the overall composition of the board. Each non-executive director is given a letter of appointment.

Mrs VN Magwentshu was appointed as a non-executive director on 3 February 2011. Confirmation of her appointment will be sought at the forthcoming annual general meeting on 1 February 2012.

The board comprised 58% historically disadvantaged South Africans and 25% females as at 30 September 2011. Biographical details of all the directors are set out on pages 8 and 9 of this integrated annual report.

The non-executive directors do not participate in any share incentive or share option scheme in the company.

Board meetings

The board meets at least six times per annum and the details of attendance in financial year 2011 are provided in table 2 below. A formal agenda is issued for each board meeting and supporting documentation is distributed to all directors at least five working days before a board meeting to provide sufficient time for preparation.

Table 2

Attendance at board and committee meetings during the year ended 30 September 2011

	Board		Audit committee		Social, ethics and transformation committee		Remuneration committee		Nomination committee		Risk and sustainability committee	
	A	B	A	B	A	B	A	B	A	B	A	B
RC Andersen	7	7	3	2	–	–	4	4	3	3	–	–
G Griffiths	7	7	–	–	–	–	–	–	–	–	–	–
RJ Khoza	7	4	–	–	–	–	–	–	3	2		
PM Madi	7	7	–	–	3	3	–	–	–	–	2	2
VN Magwentshu*	5	5	0	0	1	1	–	–	–	–	–	–
AB Marshall	7	7	–	–	–	–	–	–	–	–	–	–
TT Mboweni	7	7	–	–	–	–	4	4	3	3	–	–
DS Moephuli	7	5	–	–	–	–	–	–	–	–	2	2
CWN Molope	7	6	3	3	–	–	–	–	–	–	2	2
RV Smither	7	6	3	3							2	2
PM Surgey	7	7	–	–	3	3	4	4	3	3	2	2
FV Tshiqi	7	7	–	–	–	–	–	–	–	–	–	–

*Appointed 3 February 2011.

Column A: Indicates the number of meetings held during the period the director was a member of the board and/or committee.

Column B: Indicates the number of meetings attended during the period the director was a member of the board and/or committee.

Role and purpose of the board

The board's responsibilities are contained in a formal charter which is reviewed from time to time. The responsibilities of the board include the following:

- to review and approve corporate strategy;
- to approve and oversee major capital expenditure, acquisitions and disposals;
- to monitor operational performance and management;
- to review annual budgets and business plans;
- to identify and monitor key risk areas;
- to ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- to approve the appointment and replacement, where necessary, of the chief executive officer and other senior executives and to oversee succession planning;
- to approve the nomination of directors and to monitor the performance of all the directors, including the chairman and the chief executive officer; and
- to oversee the company's disclosure and communication process.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units. The strategic plan, the group budget, summaries of divisional sales, operating profit and capital expenditure are reviewed and approved by the board. Results and the financial status of divisions are reported on at board meetings against approved budgets and compared to the prior year. Profit projections, forecast cash flows and working capital and borrowing levels are also reported on at these meetings.

Access to information and resources

Directors have access to all group information. In addition, the directors may in appropriate circumstances seek independent professional advice about the affairs of the company at the company's expense. A director concerned would initially discuss and clear the matter with the chairman or the company secretary unless this would be inappropriate.

Declaration of directors' interests

Directors are required to disclose their shareholdings and additional directorships on an annual basis and any potential conflicts of interest must be disclosed at the relevant board meeting.

Induction and education

The company adopted a formal induction policy during the year under review. This provides for new directors to visit key sites, meet with group management and to be provided with copies of all relevant documentation, including the charters of the board and its committees, minutes of recent meetings, company policies and recent annual reports.

Ongoing training is offered to individual directors on request, while information and update sessions are provided at board meetings.

Board committees

The framework and membership of the board committees was reviewed and changed during the year under review to ensure compliance with the principles of King III and the provisions of the Companies Act, No 71 of 2008. The board is assisted by the following committees:

Remuneration committee

Composition and meeting procedures

During the year under review the committee was chaired by an independent director of the company and in addition comprised two independent directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own remuneration. The committee met formally on four occasions during the financial year. The chief executive officer also provides input into the committee regarding the remuneration of his direct reports.

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed from time to time and which include the following mandates:

- to oversee the setting and administering of remuneration at all levels in the company;
- to oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- to ensure that the remuneration policy should be put to a non-binding advisory vote at the annual general meeting of shareholders once every year;
- to review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- to ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives;
- to satisfy itself as to the accuracy of recorded performance measures which govern the vesting of incentives;
- to ensure that all benefits, including retirement benefits and other financial

arrangements, are justified and correctly valued;

- to consider the results of the evaluation of the performance of the chief executive officer and other executive directors, both as directors and as executives in determining remuneration;
- to select an appropriate comparative group when comparing remuneration levels;
- to regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- to consider the appropriateness of early vesting of share-based schemes at the end of employment;
- to advise on the remuneration of non-executive directors; and
- to oversee the preparation and recommending to the board the remuneration report, to be included in the integrated annual report, for whether it:
 - is accurate, complete and transparent;
 - provides a clear explanation of how the remuneration policy has been implemented; and
 - provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, No 71 of 2008.

The minutes of the meetings are circulated to directors. The committee is entitled to use external consultants to seek advice on certain matters, and to this end, appropriate experts have advised the committee during the year. PwC has advised on executive directors' and non-executive directors' remuneration and the long-term incentive remuneration structures. Deloitte Consulting and Global Remuneration Solutions have provided benchmarks of pay levels for both executive and non-executive directors'

remuneration. No other remuneration-related services have been provided by these organisations.

Nampak's remuneration policy as determined by the committee will be presented to shareholders for a non-binding advisory vote at the annual general meeting to be convened in terms of the notice which appears on pages 213 to 216 of this report.

The group's remuneration-related disclosures are contained in the remuneration report, as set out in pages 88 to 104 of this report.

Nomination committee Composition and meeting procedures

During the year under review the committee was chaired by the chairman of the group, who is an independent, non-executive director and in addition comprised three independent non-executive directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own positions. The committee met on three occasions during the year under review.

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. The role of the committee includes ensuring that:

- the board has the appropriate composition for it to execute its duties effectively;
- directors are appointed through a formal process;
- induction and ongoing training and development of directors takes place;
- formal succession plans for the board, chief executive officer and senior management appointments are in place;
- reviews of the performance of the directors take place; and

- the independence of the non-executive directors is reviewed.

In addition, the committee specifically provided support to the board and confirmed the independent status of the non-executive directors based on the King III principles.

Audit committee Composition and meeting procedures

During the year under review the committee was chaired by an independent non-executive director of the company and in addition comprised three independent non-executive directors after the appointment of Mrs VN Magwentshu with effect from 27 July 2011.

The committee meets at least three times per year and the meetings are also attended by appropriate executives, including the chief executive officer and the chief financial officer, and representatives of the internal and external auditors. During the year under review the committee met three times. At its meetings, the committee reviews the group's financial results, receives and considers reports from the internal and external auditors on the results of their work and attends generally to its responsibilities. The committee also meets separately with the external auditors to obtain assurance that they have received full co-operation from management, while the committee chairman meets regularly with key executives to review issues which require consideration by the committee.

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. The responsibility of the committee includes:

- the nomination for appointment as auditor of the company of a registered auditor who, in the opinion

of the committee, is independent of the company;

- the determination of the fees to be paid to the auditor and the auditor's terms of engagement;
- the determination of the nature and extent of any non-audit services which the auditor may provide to the company;
- the pre-approval of any proposed contract with the auditor for the provision of non-audit services to the company;
- the evaluation of the performance of the external auditor;
- the review and evaluation of the effectiveness of the internal controls of the group (with reference to the findings of both the internal and external auditors);
- monitoring and supervising the effective function of internal audit;
- the review of the annual financial statements, the interim reports and any other announcement regarding the group's results or other financial information to be made public;
- reviewing of the process for financial reporting;
- monitoring compliance with laws and regulations, material pending litigation, material defalcations, risk management, insurance covers, the ethics policy of the group, important accounting issues and specific disclosures in the financial statements; and
- reviewing and evaluating the expertise and experience of the chief financial officer.

For further information pertaining to Nampak's audit committee, please refer to the audit committee report, on page 111 of this report.

During the year the committee fulfilled its mandate and performed the functions required of an audit committee on behalf of all subsidiaries in the group

which have been incorporated in the Republic of South Africa as public companies.

The shareholders will be requested at the annual general meeting to be convened in terms of the notice as set out on pages 213 to 216 to elect an audit committee to serve until the following annual general meeting, comprising the independent, non-executive directors who are named and recommended for appointment in the notice of annual general meeting.

Risk and sustainability committee

During the year under review the name of the committee was changed to the risk and sustainability committee and its functions were expanded to include responsibility for sustainability issues. The committee adopted new terms of reference during the year under review, which will be reviewed from time to time.

Composition and meeting procedures

During the year under review, the committee was chaired by an independent director of the company and in addition comprised four independent directors. The committee met twice during the year under review. Appropriate senior executives and representatives of the internal auditors are invited to attend the committee meetings.

The committee is building its members' competency both through internal resources and working closely with various consultancies and subject matter experts. Carbon emissions are calculated by Carbon Calculated. Newly appointed committee members also bring their experience from participation in other boards on broader sustainability matters.

Role, purpose and principal functions

The committee's primary responsibilities include the following:

Risk responsibilities

- Overseeing the development and annual review of a policy and plan for risk management to recommend for approval to the board.
- Approving a suitable risk management strategy.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Making recommendations to the board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continual basis.
- Reviewing and assessing the appropriateness and adequacy of insurance cover.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that continual risk monitoring by management takes place.
- Liaising closely with the audit committee to exchange information relevant to risk.
- Expressing the committee's formal opinion to the board on the effectiveness of the system and process of risk management.
- Reviewing the integrated reporting in the annual report to ensure that it is timely, comprehensive and relevant.

Sustainability

- Reviewing trends and issues of relevance for sustainability practices in the group.
- Defining the group's sustainability commitments and monitor achievement against targets.
- Providing guidance on the overall sustainability process for the group in order to achieve the sustainability commitments.
- Assisting with the identification and appropriate management of sustainability risks that may impact on the sustainability or reputation of the group.
- Ensuring that appropriate programmes and internal committees are in place to minimise sustainability risks where necessary.
- Providing guidance on processes to ensure that the group maintains its listing in the JSE Limited's Socially Responsible Investment Index or any other index or rating as agreed.
- Providing guidance on policy frameworks in respect of sustainability issues such as environment (internal and external) and stakeholder engagement.
- Monitoring and reporting to the board on the group's progress on its sustainability commitments.

IT governance

- Ensuring that processes are in place to ensure complete timely, relevant and accessible IR reporting from management.
- Reporting to the board on matters affecting IT governance.

Social, ethics and transformation committee

During the year under review the name of the committee was changed to the social, ethics and transformation committee and its functions were expanded to include the functions

assigned to the committee by the Companies Regulations, 2011. Key senior executives, including the chief executive officer and the human resources director, attend the meetings of the committee.

Composition and meeting procedures

During the year under review the committee was chaired by an independent non-executive director of the company and in addition comprised two independent non-executive directors. The committee met twice during the year under review.

Role, purpose and principal functions

The committee adopted a new charter during the year under review to incorporate its new functions and it will be reviewed from time to time. The committee's responsibilities include the following:

Transformation responsibilities

- Recommending group transformation commitments and targets for approval by the board.
- Ongoing revision of the group's strategy, charter and targets in respect of broad-based black economic empowerment.
- Ongoing revision of the group corporate social investment strategy.
- Ensuring that appropriate programmes and internal committees are in place to drive transformation within the group.

Social and ethics responsibilities

- Monitoring the company's activities relating to social and economic development, including the company's standing in terms of the goals and purposes of:
 - the 10 principles set out in the United Nations Global Compact Principles;

- the OECD recommendation regarding corruption;
- the Employment Equity Act; and
- the Broad-Based Black Empowerment Act.
- Monitoring the company's activities relating to good corporate citizenship, including the company's:
 - promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - contribution to development of the communities in which the company's activities are predominantly marketed or within which its products are predominantly marketed;
 - record of sponsorship, donations and charitable giving;
 - consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
 - labour and unemployment including the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions.
- To assist the board in building and sustaining an ethical corporate culture in the company.

Transformation is a key focus area for the company and receives ongoing attention. During the year under review the company maintained its Level 4 B-BBEE rating, as certified by the ratings agency, Empowerdex. Further details of the group's performance in the areas within the committee's purview appear in the economic performance report on pages 44 and 45 of this integrated annual report.

Company secretary

All directors have access to the advice and services of the company secretary. The company secretary is responsible for preparing meeting agendas and

recording minutes of board meetings and for ensuring that sound corporate governance procedures are followed. The board is satisfied that the company secretary has the knowledge and experience of the duties required of the secretary of a public company.

Board, committee and director evaluations

During the year under review, an appraisal of the effectiveness of the board, its committees and individual directors was carried out by an independent facilitator from the Institute of Directors. Questionnaires were completed by board and committee members, after which the facilitator conducted interviews with all board and committee members, the company secretary and a senior staff member. Thereafter the results of the appraisal were compiled into a detailed report by the facilitator. The evaluation did not include the chairman as he was newly appointed.

The results of the appraisal indicated that in most areas the board, its committees and individual directors performed to an appropriate level. Areas which could be improved upon included director induction, ongoing training and the monitoring and review of pension fund and medical aid issues. Action has been taken to address these areas, including a more intensive induction programme and additional director training.

The board has decided that formal appraisals will be conducted every second year.

Accountability and audit Going concern

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going-

concern basis for preparing the financial statements. The audit committee has reviewed the assessment prepared by management on the going-concern status of the group.

Financial reporting

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and consistent estimates. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

Internal financial controls

The effectiveness of internal controls and systems is monitored through the utilisation by management of formal reporting of material defalcations and other losses and the use of an internal audit function.

Internal audit

The internal audit function has been carried out by Ernst & Young since January 2011. A risk-based internal audit plan was approved by the audit committee in March 2011. The internal audit function operates in terms of a formal charter which defines the purpose, responsibilities and scope of activities of the internal audit function. Internal audits are aligned to the Standards for Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors, Inc.

The internal audit function reviews the adequacy and effectiveness of internal controls and the systems which support them. This includes controls and systems at the operating entities and in relation to the business and financial risks which could have an adverse effect on the group. Weaknesses identified by the internal auditors are brought to the attention of the directors and management. The head of the internal audit function reports directly to the chairman of the audit committee.

External audit

During the period under review the audit committee nominated Deloitte & Touche for appointment as auditor of the company. The committee is satisfied that the external auditors are independent of the group.

The external auditors' annual audit plan is approved at a meeting of the audit committee. The external auditors provide an independent assessment of internal controls and systems through the audit work that they perform. They complement the work of the internal auditors and review all internal audit reports on a regular basis. The external auditors are responsible for reporting on whether the financial statements are fairly presented and their report is presented on page 110 of this report.

During the year under review the audit committee determined the fees to be paid to the external auditor and the external auditors' terms of engagement. In addition the committee determined the nature and extent of non-audit related services to be provided by the external auditor and pre-approved contracts with the external auditor for the provision of non-audit services to the company.

During the year under review the value of the non-audit related services provided by the external auditors to the company was as follows:

	Rm
• Taxation consultancy services	4.172
• Human resource and other consulting	0.120
• 'Tip-offs Anonymous' and forensic assistance	0.125
• Other	0.203

No complaints were received by the audit committee during the year under review with respect to the accounting practices or internal audit of the company, nor with respect to the auditing of the group's financial statements.

Integrity and ethical behaviour

A code of conduct and business ethics is enforced throughout the group. All directors and employees are required to act with honesty and integrity and to maintain the highest ethical standards. The code deals with compliance with laws and regulations, conflicts of interest, relationships with customers and suppliers, gifts and favours, remuneration, outside employment, directorships, company funds and property, confidentiality, company records and communications, competition, sustainability, insider trading, donations and sponsorships and employment and labour rights. All employees are bound by the code of conduct and business ethics.

Systems and procedures are in place to monitor and enforce the code and the

directors believe that the requirements of the code have largely been met by employees.

During the year under review training was provided to approximately 291 employees in South Africa and the rest of Africa on the code of conduct and business ethics, and in regard to corruption, fraud and theft.

Nampak operates 'Tip-offs Anonymous', a hotline which allows callers to report confidentially on any violations of Nampak's policies and procedures. All disclosures received, resultant investigations and the outcome thereof are communicated and reported to the audit committee. A total of 46 reports were received during the year under review, which resulted in seven disciplinary hearings and three dismissals.

A total of 26 forensic reviews were conducted during the year in addition to investigations as a result of 'Tip-offs Anonymous' reports. The reviews resulted in 10 disciplinary hearings, which led to seven dismissals. The remaining reviews did not reveal substantiated evidence of misconduct or irregularities.

No material human rights violations were reported during the year, nor were any material incidents of corruption detected or reported.

Price-sensitive information

In accordance with the JSE Limited's guidelines on price-sensitive information, the company has adopted a policy dealing with the determination of information as price-sensitive,

confidentiality undertakings and discussions with the press, institutional investors and analysts. Only the chairman, the chief executive officer, the chief financial officer and the investor relations manager may discuss matters which may involve price-sensitive information with third parties. The company follows a 'closed period' principle, during which period employees and directors are prohibited from dealing in the company's shares.

The usual closed periods endure from the end of March until the publication in May of the interim results for the six-month period ended 31 March and from the end of September until the publication in November of the financial results for the year ended 30 September. Additional periods may be declared 'closed' from time to time if circumstances warrant this action.

Political donations

Donations of any nature to political parties are prohibited.

Compliance

Nampak is committed to conducting its business in compliance with all applicable laws and regulations and with honesty in its dealings with customers, employees, suppliers, shareholders and the community. In pursuit of that goal Nampak maintains an effective compliance programme.

The primary purpose of the compliance programme is to detect violations of laws, regulations and company policy. Should Nampak become aware of any violations of laws, regulations or company policies, it will investigate the matter and take disciplinary action where appropriate.

Schedules of relevant laws and regulations are prepared and maintained for the businesses in the group, although this must still be rolled out in the rest of Africa. A code of conduct and business ethics lays down the standards expected of all employees, while potential violations can be reported through 'Tip-offs Anonymous', which is available 24-hours-a-day, seven days a week.

Effective policies and procedures are in place to monitor compliance and to mitigate risks, to implement effective training programmes and to report to management and the board on the effectiveness of the programme. Litigation in the businesses is referred to the group legal adviser, who reports on material litigation to the risk and sustainability and audit committees and to the board.

During the year under review there were no prosecutions of Nampak or its personnel for material violations of any laws or regulations, nor were any fines or penalties paid for material or immaterial but often repeated, contraventions of any laws or regulations.

Risk management

Policy framework and guidelines

During the year the company consulted with KPMG and reviewed its risk management framework. The framework describes the group's risk management processes and sets out the requirements for management in generating risk action.

The board has committed the group to a process of risk management that is

aligned with ISO 31000, King III and also generally accepted good risk management practices.

A structured and systematic enterprise risk management process guideline has been adopted by the group which means that key risks that may impact on the group's ability to achieve its objectives are proactively identified, assessed, quantified (where appropriate) with mitigation opportunities or actions established. Assessment of whether a risk has a likelihood of declining, increasing or remaining stable over the next three to five years is also considered. The residual risk position after evaluating the quality of the mitigating factors or actions provides management and the board with sufficient information to determine whether there are any further actions that could be taken to reduce potential exposures.

Risk management is a process which runs throughout the organisation and is formally integrated into the annual budget and strategic planning cycles as well as in capital expenditure processes. Risks are then reviewed and updated by the divisions and group departments on a quarterly basis.

The board's risk and sustainability committee formally reviews:

- the effectiveness of risk management arrangements;
- ensures that risk management plans are in place;
- reviews the group's risk register bi-annually and evaluates the appropriateness of mitigating actions and controls; and
- reviews reports on incidents, losses and claims.

Accountability

The responsibility and accountability for risk management rests with management and staff. Risks identified are discussed at divisional and group meetings which are attended by the chief executive officer and/or the chief financial officer.

Structure

The risk management framework sets out the governance structure. A team with an appropriate understanding of the framework, concepts and principles has been established within the group with responsibility for ensuring integration into the business as well as co-ordination of information to the group executive committee for review before being presented to the board's risk and sustainability committee.

The group's risk process requires that all risks are identified including the factors affecting economic, social and environmental performance in the divisional and group departmental registers.

Risk tolerance and appetite

The group will finalise its approach to risk tolerance and appetite during 2012 and therefore does not comply with the King III principle 4.2 at this stage. The diverse nature of its manufacturing processes and product ranges does, however, naturally limit tolerance and appetite levels. The risk management framework also provides an outline of the potential financial impact of all risk categories thereby ensuring that the level of financial risk exposure is taken into account when determining the residual risk outcome.

Key risks

The risks which the group's risk management process identified as the most important risks facing the group have been identified and reviewed in table 3 below.

The key risks have been identified and are reflected in the table below.

Table 3

Key risks

Source of risk	Impacts	Mitigations
Strategic		
Market		
Reliance on key customers.	<ul style="list-style-type: none"> Loss of revenue from key account. Potential reduction in margins. 	<ul style="list-style-type: none"> Continued high quality of supply. Development and innovative solutions using Nampak's research and development capabilities. Diversification of customer base where feasible. Build strong customer relationships across the business in a structured way. Consult on longer-term contracts where appropriate.
Substitution and changes in customers' and consumers' packaging requirements.	<ul style="list-style-type: none"> Loss of revenue from key accounts. Potential reduction in margins. 	<ul style="list-style-type: none"> Development of innovative sustainable packaging solutions using Nampak's research and development capabilities. Continued review of competitive pricing of products. Ability to provide a full range of products. Ongoing market research with customers and consumers on packaging requirements.
Competitor activity.	<ul style="list-style-type: none"> Certain operations operate in highly competitive environments. 	<ul style="list-style-type: none"> Continued strategic review of business potential in the short, medium and long term. Continued review of pricing structures and quality of products and service delivery.
Regulatory		
Changes in legislation		
Change in legislation that places additional financial burden on large institutions.	<ul style="list-style-type: none"> Potential introduction of carbon tax. Possible implications to tax rates with the introduction of national health reforms. Outcome of discussions with the Department of Environmental Affairs on the proposed Industry Waste Management Plan. Potential deregulation of the tissue industry resulting in standards protecting brand value being compromised. 	<ul style="list-style-type: none"> Executive directors and senior executives participate in appropriate forums, including industry bodies, to ensure engagement with government and other stakeholders on legislative proposals.

Source of risk	Impacts	Mitigations
Financial		
Cost base		
Inability to recover increases in cost base which could result in lower margins.	<ul style="list-style-type: none"> Challenge in recovery of raw material price increases from customers. Exposure to increases in employment costs in excess of inflation. 	<ul style="list-style-type: none"> Contractual arrangements providing for consistency of raw material price applications. Ongoing proactive engagement with recognised trade unions to create appropriate relationships to manage employment issues and related productivity. Consideration of opportunities to automate.
Operational		
Power		
Disruptions to power supply, lack of available renewable energy sources and cost increases.	<ul style="list-style-type: none"> Potential inability to meet customer demand due to power outages. Potential reduction in customer demand for product due to power outages. 	<ul style="list-style-type: none"> Participation in industry forums, or directly in engagement with government, parastatals and municipalities. Programmes in place to reduce reliance on electricity where feasible which address both cost and reliability issues as well as resulting in a reduction in CO₂ emissions.
Supply chain		
Dependence on raw material suppliers and volatility in pricing.	<ul style="list-style-type: none"> Reliance on single suppliers affecting price and quality of raw materials. 	<ul style="list-style-type: none"> Supply agreements in place with major raw material suppliers that are mutually beneficial. Alternative supply channels developed and tested.
Human capital		
Skills attraction, retention and transformation		
Shortage of skills. Complexity associated with attracting black females.	<ul style="list-style-type: none"> Development of succession may impact on the ability to meet customer requirements appropriately in the short to medium term. Employment of females in management positions supports the B-BBEE strategy and non-employment potentially impacts negatively on the scorecard if not managed appropriately. 	<ul style="list-style-type: none"> At least 50% of new engagements of graduates are females. Executive coaching facilitates growth and development into senior leadership positions. Specific technical training provided through industry bodies and recognised institutions. Focus in granting of bursaries to students wishing to study in fields related to company skills requirements with a view to attracting them as graduates into Nampak.

The governance structure for risk management is set out in the corporate governance statement on pages 83 of this report.

Risk management audits

In developing the internal audit plan, the internal audit function considers the risks identified through the risk management process.

These form part of the internal audit scope of review for the following year. The external auditors may consult with the risk and sustainability committee with a view to understanding the group's risk management activities.

IT management

Information technology (IT) is an important part of Nampak's business and is essential to the support and sustainability of the group. King III places responsibility for IT governance with the board and the Nampak board has given the chief financial officer overall responsibility for managing the IT governance structures and processes. IT operations are managed by the chief information officer, who reports to the chief financial officer. An IT steering committee is chaired by the chief financial officer and its membership comprises the chief information officer and the members of the group executive committee. The committee has a well defined charter and it is responsible for overseeing IT related

activities and ensuring compliance with applicable laws, rules and standards.

In the past year, the company's IT function adopted the IT Governance Institute (ITGI) governance model as a framework for IT governance, while continuing to employ Control Objectives for Information and related Technology (CobIT) and Information Technology Infrastructure Library (ITIL) as guidelines for establishing and maintaining effective internal controls, continuity and risk management.

In line with the newly adopted IT governance model, a new framework of IT policies has been developed and adopted, taking into consideration the business imperative, current legislation and IT trends.

Internal audit provides assurance to management, the audit committee and the risk committee on the effectiveness of IT governance.

The group's future IT focus will be on improving delivery of value to the business through strategic alignment, and mitigating the risks of IT by embedding accountability into the operations of the businesses.

Assurance

The data in this integrated annual report has been assured to the extent set out below. The combined assurance model

envisages obtaining assurance from management, internal assurance providers and external assurance providers. The extent to which use should be made of additional external assurance providers is being reviewed and will be reported on more fully in the integrated annual report for the 2012 financial year.

Extent of assurance in this report

Financial information

The consolidated annual financial statements were audited by the external auditors, Deloitte & Touche. The scope of the audit was limited to the information in the consolidated annual financial statements and did not include any financial or operating indicators in the integrated annual report. Their report can be found on page 110.

Internal controls

Nampak's system of internal control and risk management are audited by internal audit based on the approved internal audit plan.

Non-financial information: Sustainability

No assurance was obtained on Nampak's sustainability performance and activities.

Non-financial information: B-BBEE

The South African broad-based black economic empowerment information was verified by Empowerdex.

Non-financial information: safety, health and environmental quality standards

Table 4 below sets out the certifications which Nampak's operations in South Africa, the rest of Africa and the United Kingdom have achieved, or have targeted to achieve in the near future.

Table 4

Safety, health, environmental and quality standards

Standards/programmes implementation status

South Africa

Standard/Programme	Number of certified operations as at September 2011	Number planning certification in 2012
ISO 9001	42	9
ISO 14001	9	24
ISO 22000	4	5
OHSAS	1	11
NOSA Integrated 5 Star System	6	
HACCP	12	
BRC	3	
AIB	6	2
FSC	2	
SFI	1	
SEDEX	2	

Rest of Africa

Standard/Programme	Number of certified operations as at September 2011	Number planning certification in 2012
ISO 9001	6	
ISO 14001		
ISO 22000	1	1
OHSAS		
HACCP	1	
BEST	1	
WCP	1	
AIB	1	

Europe

Standard/Programme	Number of certified operations as at September 2011	Number planning certification in 2012
ISO 9001	8	
ISO 14001	7	1
OHSAS		8
BRC/IOP	9	

This report of the remuneration committee has been approved by the board. The associated tables of directors' and prescribed officers' remuneration, their guaranteed packages including pension arrangements, incentive bonus payments and the awards made in terms of the long-term incentive plans, including the deferred bonus plan, performance share plan and share appreciation plan have been audited by Deloitte & Touche, and can be found on pages 90 to 97 of this report.

The report complies with the principles of King III.

Remuneration governance

The remuneration committee is a committee of the board and meets at least three times each year. Membership of this committee and attendance at the committee meetings is provided on pages 75 and 76 of the corporate governance report. The committee's mandates have been included on pages 77 and 78 of the corporate governance report.

Remuneration philosophy

Executive directors and group executive committee members

Nampak's remuneration philosophy is designed to support the group's strategy of continuous improvements in performance and to drive long-term

stakeholder value. In order to drive this strategy and move the business forward, attraction and retention of the appropriate calibre of directors and group executive committee members is vital and is core to success. This requires remuneration structures that are relevant, transparent and competitive when benchmarked against practices and market survey data in each jurisdiction.

The remuneration committee approves the overall remuneration structure for the group and considers all the elements with a view to creating a climate that is fair, but also motivates and supports high levels of performance. The executives have discretion and flexibility to recognise the contribution of individuals within the prevailing structure.

The annual cash incentive bonus combined with the longer-term share plans are structures to encourage appropriate superior growth in earnings and consistent improvements in return on net assets (RONA) through the achievement of challenging performance criteria and are designed to align longer-term director and senior executive remuneration directly to growth in stakeholder wealth.

The remuneration committee considered the balance between guaranteed pay and on-risk pay and

decided to adopt a framework which provides for guaranteed pay at levels below the median, with increased allocations of performance shares to increase the on-risk proportion of the total remuneration paid. This principle is applied consistently to all directors and group executive committee members and there is no ability to elect higher guaranteed pay rather than the share allocation. This provides further direct alignment with stakeholders as executive earnings are dependent on achievement of challenging performance conditions. Value is created through improvement in total returns generally, including social and environmental performance linked to strategic key performance indicators under the annual incentive bonus plan.

The strategy was implemented with effect from 1 October 2010. It is anticipated that the benchmark for guaranteed packages will reduce to 90% of the median over time and thereafter will be maintained at that level. An allocation of shares under the performance share plan rules will replace the guaranteed portion of the increase not paid in cash to the executive directors and group executive committee members. The on-risk element supports the business strategy of continuous improvements in performance and also incentivises executives.

Summary of remuneration structures

The table below summarises the different elements of the executive directors' remuneration packages. Further details are provided on pages 90 to 104 of this report.

Remuneration component	Purpose	Basis for determination	Delivery
Guaranteed salary	<ul style="list-style-type: none"> Fixed element that reflects individual contribution and market value for role 	<ul style="list-style-type: none"> Referenced against market median considering the size and complexity of the role Reflects individual performance, future career progression and resource scarcity Certain directors residing in South Africa are responsible for operational roles offshore and receive remuneration for these activities Includes value for use of private vehicle for company business travel, as well as retirement, assured benefit and medical aid contributions 	<ul style="list-style-type: none"> Paid monthly in cash after allocations to retirement funding, assured benefits and medical aid contributions Annual review at year-end
Retirement funding, assured benefit cover and healthcare	<ul style="list-style-type: none"> Provision of assured benefits and structures to save appropriately for retirement 	<ul style="list-style-type: none"> In line with general market trends in the jurisdiction of operation Retirement funding for directors provided on a defined contribution basis Current directors do not receive medical aid cover funded by the company on retirement 	<ul style="list-style-type: none"> Included as a component of the guaranteed package Annual review at year-end
Incentive bonus	<ul style="list-style-type: none"> Individual and team performance-related pay 	<ul style="list-style-type: none"> Rewards directors and senior management for the achievement of challenging financial targets Maximum potential incentive capped Individual performance targets form a portion of the overall structure 	<ul style="list-style-type: none"> Paid annually in cash Annual review at year-end
Performance share plan	<ul style="list-style-type: none"> Alignment of shareholder experience with directors and group executive committee members 	<ul style="list-style-type: none"> Release of shares conditional upon the group achieving specific performance targets Three- to five-year vesting 	<ul style="list-style-type: none"> Delivered in shares Targets established for each allocation taking into account market trends Annual allocations
Share appreciation plan	<ul style="list-style-type: none"> Provides instrument to attract and retain executives and senior management 	<ul style="list-style-type: none"> Rights conditional upon the group achieving specific performance criteria Alignment with shareholders' objectives of growth in share price Current allocations: three year vesting, seven year lapse 	<ul style="list-style-type: none"> Appreciation delivered in shares Subject to achievement of headline earnings per share adjusted for fair value gains or losses target Targets established for each allocation taking into account market trends Annual allocations

Summary of remuneration structures continued

Remuneration component	Purpose	Basis for determination	Delivery
Deferred bonus plan	<ul style="list-style-type: none"> Alignment of shareholder experience with directors and group executive committee members and retention 	<ul style="list-style-type: none"> Encourages group executive committee members to use a portion of their after-tax incentive bonus to acquire shares in the company 	<ul style="list-style-type: none"> Delivered in shares Matching shares awarded after three years Annual allocations
Retention payment	<ul style="list-style-type: none"> Retention of one executive director and certain group executive committee members paid in July and disclosed in 2009 	<ul style="list-style-type: none"> Referenced against guaranteed package at time of payment 	<ul style="list-style-type: none"> Delivered in cash Paid on a once-off basis in exchange for three years' service Retention term expires on 31 July 2012

Proposed remuneration structure changes for 2012

Currently the rules of the share appreciation plan, performance share plan and the deferred bonus plan provide for the forfeiture of awards in the event of termination of employment due to voluntary retirement. In the last few years, the group has experienced that more employees are electing to retire early due to increasing demands in the business world impacting on lifestyle, with its consequent health impacts.

The company is of the view that the current treatment of these employees who retire early is unfair, especially in light of the current remuneration philosophy of setting guaranteed packages below the median. This approach reduces immediate cash earnings, which are then placed into an on-risk pay element through an allocation of shares under the performance share plan. The vesting of these shares is subject to challenging performance conditions.

It is therefore proposed that invested shares grants not be forfeited automatically upon early retirement, but that pro rata vesting may take place on the release date when the committee reviews the level of achievement against the performance targets.

Disclosure of the remuneration for members of the group executive committee has been included, as these executives are regarded as "prescribed officers" warranting disclosure in terms of the new Companies Act 2008.

Executive directors' and group executive committee members' remuneration in more detail

Guaranteed package

Director reference levels are established with assistance from external consultants after considering size and complexity of the role. These are then benchmarked against the market on an annual basis at the end of each financial

year using comprehensive survey data in related industries for each jurisdiction. Global Remuneration Solutions provides general market data excluding financial services companies and Deloitte & Touche provides general market survey data. This information, together with an overview of published remuneration of executives in similar roles rolled forward by the average executive increases, provides the remuneration committee with a sound base on which to make informed decisions.

The remuneration committee has the authority to approve guaranteed packages that will attract and retain the correct calibre of talent. Guaranteed package levels are recommended by the chief executive officer after taking into account individual experience, current performance and contribution, future career progression as well as resource availability. The targeted level of guaranteed package for 2012 has been set at 93% of the average market median of the two service providers.

This facilitates the change in the remuneration philosophy which provides for a higher weighting to be allocated towards the on-risk pay element within the overall remuneration structure. The remuneration committee has discretion to approve guaranteed packages below or above the target percentage of the median, where specific circumstances merit a differential. There are no exceptions to report. Such circumstances could include attraction and retention of a scarce skill. The guaranteed packages earned by directors are reflected in table 1(a) on page 93 of this report.

Retirement funding, assured benefit cover and healthcare form part of the overall guaranteed package in line with general market trends assessed by Fifth Quadrant and Cadiant. The company liability in respect of retirement funding and assured benefits has been capped for directors where the group meets the contributions as a fixed percentage within the guaranteed package. All directors are participants in the defined contribution section of the Nampak Group Pension Fund. Two members of the group executive committee retained defined benefit arrangements. The benefits provided and related policies are reviewed regularly by the remuneration committee to ensure that they remain justified and are correctly valued. The total value of the contributions towards retirement funding is shown separately in table 1(a) on page 93 of this report.

Certain directors who reside in South Africa are also responsible for operational direction and management offshore and are contracted to and paid remuneration by those structures. These amounts are reflected separately in table 1 (a) and are reviewed annually or when director responsibilities change.

Annual cash incentive bonus

The annual cash incentive bonus scheme is reviewed in detail by the remuneration committee, the members of which bring experience from their participation on other remuneration committees and board positions. This experience, coupled with extensive local knowledge and international market data and trend analysis, provides sufficient information to set the financial targets at the commencement of each financial year once the business strategy has been agreed. The remuneration committee has discretion to withdraw or change the incentive bonus scheme annually and to withhold any payments if specific circumstances warrant.

The primary focus for the incentive scheme for the financial year under review remained to reward directors and group executive committee members for the achievement of challenging financial growth. The maximum potential incentive bonus for the year ended 30 September 2011 was capped at 125% of guaranteed package for the chief executive officer, 105% for the chief financial officer and 95% for the group human resources director and

cluster executives who are members of the group executive committee. The maximum potential incentive bonus for other members of the group executive committee is 85% of guaranteed package. The same capped levels will apply in the 2012 financial year.

The annual cash incentive provides for rewards to be paid for achievement against financial performance targets as well as individual delivery against identified strategic objectives. During the year under review, the financial target for directors was based on an improvement in headline earnings per share in excess of the consumer price index adjusted for fair value gains and losses. A minimum level of RONA performance was also required before incentive payments would accrue.

The other component of the annual incentive bonus continued to be linked to the achievement of individual performance targets. The maximum weighting allocated towards individual performance targets within the overall maximum potential incentive is 32% for the chief executive officer and 30% for other executive directors. Individual performance targets are set and reviewed by the committee and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group. Payments under this component are made irrespective of performance against the financial component, meaning that, if the

individual performance targets are achieved, a bonus payment will be made to the executive. The committee, however, holds overriding discretion on incentive bonus payments including a zero bonus, should circumstances warrant. Some of the key strategic incentive bonus drivers included:

- successfully commissioned beverage can line in Angola with commencement of sales to customers;
- disposal of European cartons businesses, L & CP and a restructured Containers and Tubs business after the sale of the Tubs portion;
- identification of investment opportunities in the rest of Africa; and
- maintenance of the B-BBEE Empowerdex rating while developing further activities to improve this position in 2012.

To continue aligning the group's employment equity strategy with directors' remuneration, the directors' incentives earned are discounted up to 20% for non-achievement of employment equity targets.

For the financial year under review, the directors achieved 100% of the financial performance target as well as the required threshold return on net asset performance. Differing levels of achievement against individual performance criteria also occurred. The employment equity targets were achieved and therefore a discount factor was not applied on incentives earned. The annual incentive bonus payments that accrued for the financial period are set out in table 1(a) and include amounts earned under the individual performance component.

The financial components of the incentive bonus target for directors and

group executive committee members for 2011 were:

- **growth in headline earnings per share** in excess of the average consumer price index adjusted for fair value financial gains or losses was achievement at the entry level of the average consumer price index and the top end achievement was 9% above the average consumer price index. 20% of the incentive bonus will be paid at entry level and thereafter bonus payments accrued on a straight-line basis to 100% for top end performance;
- a threshold group **RONA** performance requirement of 15% on operating profit from continuing operations had to be achieved before any incentive was earned under the financial component;
- the performance period was measured from 1 October 2010 to 30 September 2011.

The group financial components of the incentive bonus targets for directors and group executive committee members for 2012 are:

- **growth in headline earnings per share** in excess of the average consumer price index adjusted for fair value financial gains or losses is achievement at the entry level of the average consumer price index and the top end achievement is 9% above the average consumer price index. Zero percent of the incentive bonus will be paid at entry level and thereafter bonus payments will accrue on a straight-line basis to 100% for top end performance;
- a threshold group **RONA** performance on trading income requirement of between 15.5% and 17.5% before any incentive can be earned under the financial component. If 15.5% RONA is achieved, then 60% of the incentive

under the financial component can be earned; at 16%, then 70% of the incentive under the financial component can be earned; at 16.5%, then 80% of the incentive under the financial component can be earned; at 17%, then 90% of the incentive under the financial component can be earned; and at 17.5%, then 100% of the incentive under the financial component can be earned. The remuneration committee may review the RONA threshold target in the event of material corporate and strategic activities occurring. In setting the RONA threshold targets, the remuneration committee considered prior group performance as well as the RONAs of peer-group competitors in South Africa and internationally;

- the performance period will be measured from 1 October 2011 to 30 September 2012.

A portion of the financial component of the incentive bonus for cluster and divisional executives who are members of the group executive committee is based on improvements in **trading income** targets.

The targets provide a balance between earnings growth requirements supported by improvements in balance sheet ratios at group and divisional levels.

Divisional targets are set at a trading income level with minimum threshold RONA requirements before any financial incentive bonus can be paid. The financial targets are vital to the group's business strategy of continuous improvements in performance on a line-of-sight basis.

Table 1(a)

Executive directors' and group executive committee members' remuneration for 2011

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 3	Incentive bonus (rand)	Total remuneration (rand)	Gains on share plans (rand)
Columns	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8
Executive directors								
G Griffiths	2 555 982	259 066	225 018	3 040 066	–	3 188 880	6 228 946	–
AB Marshall	3 602 877	1 051 960	312 768	4 967 605	–	5 981 152	10 948 757	–
FV Tshiqi	2 040 585	–	173 915	2 214 500	–	2 061 921	4 276 421	460 634
Total	8 199 444	1 311 026	711 701	10 222 171	–	11 231 953	21 454 124	460 634
Group executive committee members								
CH Bromley	2 356 769	–	201 751	2 558 520	–	1 637 965	4 196 485	866 055
PA De Weerd	2 355 561	–	202 959	2 558 520	–	2 389 146	4 947 666	442 855
RG Morris ²	2 156 487	–	452 374	2 608 861	13 864	2 135 545	4 758 270	1 497 323
SE Msane	2 151 083	–	184 957	2 336 040	–	1 904 340	4 240 380	515 287
ZK Nzimande	1 846 176	–	156 144	2 002 320	–	789 315	2 791 635	–
NP O'Brien ²	1 632 333	–	342 314	1 974 647	10 495	1 620 699	3 605 841	1 493 771
Total	12 498 409	–	1 540 499	14 038 908	24 359	10 477 010	24 540 277	4 815 291

Note 1: For the purpose of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1:R11.1787

Note 2: Executives are members of the defined benefit section of the Nampak Group Pension Fund

Note 3: Value of other benefits consist of company contributions to purchase insured benefit cover for defined benefit members of the Nampak Group Pension Fund

Table 1(b)
Executive directors' and group executive committee members' remuneration for 2010

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 3	Incentive bonus (rand)	Total remuneration (rand)	Gains on share plans (rand)
Columns	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8
Executive directors								
G Griffiths	2 483 963	261 963	216 037	2 961 963	–	2 928 000	5 889 963	–
AB Marshall	3 497 773	1 063 721	303 827	4 865 321	–	5 550 336	10 415 657	–
FV Tshiqi	1 904 383	–	162 284	2 066 667	–	1 882 755	3 949 422	279 288
Total	7 886 119	1 325 684	682 148	9 893 951	–	10 361 091	20 255 042	279 288
Group executive committee members								
CH Bromley	2 287 905	–	196 095	2 484 000	–	1 392 779	3 876 779	283 309
PA De Weerd	2 286 783	–	197 217	2 484 000	–	1 399 486	3 883 486	283 309
RG Morris ²	2 092 291	–	364 470	2 456 761	6 583	1 826 877	4 290 221	283 309
SE Msane	2 088 514	–	179 486	2 268 000	–	1 759 968	4 027 968	–
ZK Nzimande	1 792 158	–	151 842	1 944 000	–	1 508 544	3 452 544	–
NP O'Brien ²	1 583 350	–	275 287	1 858 637	4 981	1 478 676	3 342 294	217 916
Total	12 131 001	–	1 364 397	13 495 398	11 564	9 366 330	22 873 292	1 067 843

Note 1: For the purpose of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1:R11.6428

Note 2: Executives are members of the defined benefit section of the Nampak Group Pension Fund

Note 3: Value of other benefits consist of company contributions to purchase insured benefit cover for defined benefit members of the Nampak Group Pension Fund

The average increase to guaranteed packages for executive directors and group executive committee members with effect from 1 October 2011 was 5%. This compares to an anticipated average increase to other non-unionised employees of 7% and unionised employees of 7.5% to 10%. The increase awarded to executive directors and group executive committee members is lower than has been the case in the past against market trends to give effect to the decision taken by the remuneration committee that guaranteed pay levels of executive directors and group executive committee members should be below the market median with the introduction of more on-risk pay (variable).

The remuneration of certain expatriates may, in rand terms in certain years,

exceed the remuneration of the group executive committee members, largely due to the cost-of-living adjustments that need to be applied to provide for spending parity in other countries and exchange rate fluctuations. For 2011, the expatriate remuneration and the remuneration of other managers was below the reported remuneration of the top three group executive committee members.

Share Plan Structure

Awards are currently granted to directors and group executive committee members under the following three plans:

- Performance share plan
- Share appreciation plan
- Deferred bonus plan

Annual allocations are benchmarked and set to target a market related level of remuneration provided the performance criteria are achieved.

The maximum value of performance awards is set by the remuneration committee and then discussed with the board each year after taking into account individual performance and contribution, future succession and retention aspects. External consultants provide sufficient information to ensure that the annual awards are market related and that the performance conditions can be regarded as sufficiently challenging. The annualised awards under the performance share plan and the share appreciation plan are determined by PwC using market benchmarks which provide for upper

quartile earnings for achievement of the top end performance targets.

Participation in the deferred bonus plan is dependent on the extent to which annual incentive bonus targets are achieved.

Performance share plan

The performance share plan provides for the granting of performance share awards to executive directors and nominated group executive committee members on an annual basis. Vesting of shares is conditional upon the group achieving specific stretch targets which are set by the remuneration committee at commencement of the three-year performance period. The vesting period is three years. In order to align participant reward with shareholders' returns and to support retention strategies, one third of the shares are released and vest immediately on the vesting date, the second third a year after the vesting date and the final one third two years after the vesting date or five years from the original award date.

The first allocation of performance shares was in 2006 and the performance target for these awards was based on the group's total shareholder return (TSR) ranked against the TSR achievement of the constituent companies of the JSE Top 40 index excluding resource companies. The resource companies were excluded in order to improve the relevance of the comparator group. The company achieved a ranking of 13 out of 31 companies and as a result 50.45% of the allocated shares vested at the end of the three-year performance period. One third of the shares was released in July 2009 and the second third of the shares was released in July 2010. The final third was released in July 2011. The board supported the allocation of additional shares in respect of dividends

earned before the release date on the vested shares for executives in employment.

The 2007 and 2008 awards included a second performance condition for half the award based on growth in headline earnings per share adjusted for fair value gains or losses. The target for 2007 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 15% and 45% per annum in excess of the consumer price index over the three-year period. The 2007 target was not achieved, which resulted in the allocated shares under this performance condition being forfeited. The target for 2008 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 9% and 24% in excess of the consumer price index over the three-year period. The 2008 target was not achieved, which will result in the allocations under this performance condition being forfeited in December 2011.

The group's TSR ranked against the TSR achievement of the constituent companies of the JSE 40, excluding resources, on the start date of the performance period 1 October 2008 for the 2008 allocations (which currently comprises 29 comparator companies), governs the vesting of the second half of the award. Vesting takes place in accordance with a vesting curve which provides for 100% of the allocations to vest for a ranking position of 1, 50% for a ranking position of 13 and no vesting for a ranking of 25. Between these points, straight-line vesting is applied. The company ranked 19th in respect of the 2007 allocations which resulted in 20.1% of the shares allocated vesting under this performance condition. In respect of the 2008 allocations, the ranking was 11, which would equate to 61.75% of the shares under this

performance condition vesting in December 2011 (or 30.575%) of the total allocation.

For the 2009 and 2010 awards, two performance conditions with equal weighting were attached to the awards. The first provides for an achievement in headline earnings per share index adjusted for fair value gains and losses of on a linear basis between 9% and 24% in excess of the consumer price over the three-year period. The second provides for a cumulative improvement in TSR of between 9% and 24% in excess of the consumer price index. The performance periods commence on 1 October each year and end on 30 September three years later. Shares are allocated in the December immediately after the commencement of the performance period, in order to avoid allocations during closed periods and to provide time for the stock markets to adjust to the published results.

For awards which are submitted to the board for approval in December 2011, the performance criteria will be the same as the 2009 and 2010 requirements as follows:

- Improvement in headline earnings per share adjusted for fair value gains and losses in excess of the consumer price inflation on a linear basis between 9% and 24% over the three-year performance period.
- Improvement in cumulative total shareholder return (share price plus dividends) in excess of the consumer price inflation of between 9% and 24% over the three-year performance period.

For awards in future years, the remuneration committee intends to introduce a returns-based measure.

These targets directly align shareholder experience with that of executives.

Table 2
Performance Share Plan 2011

Name	Date of allocation	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released (i.e. vested shares)	Number of shares delivered	Average exercise price (cents)	Total gain on delivered shares from original release date (rand)	Total gain on additional dividend shares from original release date (rand)	Balance of shares still to be released (excluding dividend shares)
Executive directors									
G Griffiths	14.12.2010	119 000	-	-	-	-	-	-	-
	04.12.2009	118 811	-	-	-	-	-	-	-
AB Marshall ¹	14.12.2010	202 500	-	-	-	-	-	-	-
	03.02.2010	150 000	-	-	-	-	-	-	-
	04.12.2009	251 331	-	-	-	-	-	-	-
	02.03.2009	338 826	-	-	-	-	-	-	-
FV Tshiqi	14.12.2010	76 200	-	-	-	-	-	-	-
	04.12.2009	44 806	-	-	-	-	-	-	-
	10.12.2008	73 607	-	-	-	-	-	-	-
	10.12.2007	32 842	(29 541)	3 301	1 100	2 213	24 343	-	2 201
	25.05.2006	40 000	(19 820)	20 180	20 180	1 901	383 622	78 028	-
Group executive committee members									
CH Bromley	14.12.2010	80 000	-	-	-	-	-	-	-
	04.12.2009	44 806	-	-	-	-	-	-	-
	10.12.2008	141 712	-	-	-	-	-	-	-
	10.12.2007	67 153	(60 404)	6 749	2 250	2 213	49 793	-	4 499
	25.05.2006	65 000	(32 207)	32 793	32 793	1 892	620 443	126 810	-
PA De Weerd	14.12.2010	80 000	-	-	-	-	-	-	-
	04.12.2009	44 806	-	-	-	-	-	-	-
	10.12.2008	141 712	-	-	-	-	-	-	-
	10.12.2007	67 153	(60 404)	6 749	2 250	2 213	49 793	-	4 499
	25.05.2006	65 000	(32 207)	32 793	32 793	1 894	621 099	126 810	-
RG Morris	14.12.2010	80 000	-	-	-	-	-	-	-
	04.12.2009	44 806	-	-	-	-	-	-	-
	10.12.2008	141 712	-	-	-	-	-	-	-
	10.12.2007	67 153	(60 404)	6 749	2 250	2 213	49 793	-	4 499
	25.05.2006	65 000	(32 207)	32 793	32 793	1 894	621 099	126 810	-
SE Msane	14.12.2010	68 500	-	-	-	-	-	-	-
	04.12.2009	44 806	-	-	-	-	-	-	-
	10.12.2008	94 419	-	-	-	-	-	-	-
	10.12.2007	32 842	(29 541)	3 301	1 100	2 213	24 343	-	2 201
ZK Nzimande	14.12.2010	65 000	-	-	-	-	-	-	-
	04.12.2009	32 298	-	-	-	-	-	-	-
NP O'Brien	14.12.2010	64 500	-	-	-	-	-	-	-
	04.12.2009	32 298	-	-	-	-	-	-	-
	10.12.2008	73 607	-	-	-	-	-	-	-
	10.12.2007	32 842	(29 541)	3 301	1 100	2 213	24 343	-	2 201
	25.05.2006	50 000	(24 775)	25 225	25 225	1 894	477 762	97 532	-

Note 1: Awards linked to achievement of certain key strategic initiatives and an improvement in headline earnings per share in excess of the consumer price inflation of 6% over the three-year performance period.

Share appreciation plan

The share appreciation plan provides the remuneration committee with an instrument to retain executive directors and nominated group executive committee members as well as providing the chief executive officer with a means to attract and retain talent at senior management levels within the group.

Under the share appreciation plan, a number of share appreciation rights are periodically offered to executive directors, group executive committee members and senior managers. These rights are conditional upon the group achieving specific performance criteria relating to real headline earnings per share growth adjusted for fair value gains or losses. At the end of the three-year performance period, the number of shares that are released and vest to each participant is determined against achievement of the performance targets. The initial share appreciation plan provided for one third of the resulting shares to be accessed immediately on vesting, the second third a year later and the final third two years later or five years after the original conditional award. All vested awards must be exercised within 10 years of the original award date. The vesting

structure for allocations from 2010 onwards provides for immediate vesting if performance conditions are met and a reduction to seven years from the original award date for vested options to be exercised.

The performance target linked to the 2006 rights was growth in headline earnings per share adjusted for fair value gains and losses in excess of the consumer price index of between 6% and 27% over the three-year performance period.

The performance target linked to the 2007, 2008, 2009 and 2010 rights is growth of headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index plus 6% over the three-year performance period. All rights would vest on achievement of the performance target and no rights would vest if the target was not met.

50% of the rights allocated in May 2006 vested during 2009. The share price on vesting was R15.41 against an issue price of R17.07.

None of the rights allocated in December 2007 vested during 2010.

The remuneration committee will review the level of vesting of the 2008 allocation in December 2011. It is anticipated that none of the rights allocated in December 2008 will vest in 2011.

The performance target for the December 2011 allocations will be based on growth in headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index of 6% over the three-year performance period. Consistent growth in headline earnings per share supports improved share price performance.

As the share appreciation plan provides the retention component under the overall long-term incentive bonus structures and a small component within the overall allocation of shares to directors and group executive committee members, the remuneration committee sets one threshold target. The threshold target ensures that a growth in headline earnings per share adjusted for fair value gains and losses in excess of inflation is achieved before any shares vest.

Table 3
Share Appreciation Plan 2011

Name	Date of allocation	Number of share appreciation rights awarded	Strike price (cents)	Movements during the year	Number of rights to shares that vested	Number of shares sold	Average exercise price (cents)	Gains on shares sold (rand)	Balance of vested rights to shares	Lapse date
Executive directors										
G Griffiths	14.12.2010	91 000	2 300	-	-	-	-	-	-	14.12.2017
	04.12.2009	117 269	1 616	-	-	-	-	-	-	04.12.2019
AB Marshall	14.12.2010	210 000	2 300							14.12.2017
	04.12.2009	148 841	1 616	-	-	-	-	-	-	04.12.2019
	02.03.2009	338 826	1 339	-	-	-	-	-	-	02.03.2019
FV Tshiqi	14.12.2010	40 000	2 300	-	-	-	-	-	-	14.12.2017
	04.12.2009	49 138	1 616	-	-	-	-	-	-	04.12.2019
	10.12.2008	30 735	1 262	-	-	-	-	-	-	10.12.2018
	10.12.2007	27 591	2 213	(27 591)	-	-	-	-	-	-
Group executive committee members										
CH Bromley	14.12.2010	40 000	2 300							14.12.2017
	04.12.2009	49 138	1 616							04.12.2019
	10.12.2008	60 452	1 262							10.12.2018
	10.12.2007	67 699	2 213	(67 699)	-	-	-	-	-	-
PA De Weerd	14.12.2010	40 000	2 300							14.12.2017
	04.12.2009	49 138	1 616							04.12.2019
	10.12.2008	60 452	1 262							10.12.2018
	10.12.2007	67 699	2 213	(67 699)	-	-	-	-	-	-
RG Morris	14.12.2010	40 000	2 300							14.12.2017
	04.12.2009	49 138	1 616							04.12.2019
	10.12.2008	60 452	1 262							10.12.2018
	10.12.2007	67 699	2 213	(67 699)	-	-	-	-	-	-
SE Msane	14.12.2010	27 000	2 300	-	-	-	-	-	-	14.12.2017
	04.12.2009	42 505	1 616	-	-	-	-	-	-	04.12.2019
	10.12.2008	39 426	1 262	-	-	-	-	-	-	10.12.2018
	10.12.2007	27 591	2 213	(27 591)	-	-	-	-	-	-
	15.06.2006	61 000	1 707	(30 500)	30 500	-	-	-	30 500	15.06.2016
ZK Nzimande	14.12.2010	27 000	2 300	-	-	-	-	-	-	14.12.2017
	04.12.2009	42 505	1 616	-	-	-	-	-	-	04.12.2019
NP O'Brien	14.12.2010	27 000	2 300	-	-	-	-	-	-	14.12.2017
	04.12.2009	42 505	1 616	-	-	-	-	-	-	04.12.2019
	10.12.2008	30 735	1 262	-	-	-	-	-	-	10.12.2018
	10.12.2007	27 591	2 213	(27 591)	-	-	-	-	-	-

The closing market price on the date of the award granted on 14 December 2010 was R23.00. The strike price of R23.00 was determined with reference to the volume-weighted average price on 14 December 2010.

The closing market price at the date of the award granted on 4 December 2009 was R16.03. The strike price of R16.16 was determined with reference to the volume-weighted average price over the preceding 15 days.

The closing market price at the date of the award granted on 2 March 2009 was R12.65. The strike price of R13.39 was determined with reference to the volume weighted average price over the preceding 15 days.

The closing market price at the date of the award granted on 10 December

2008 was R13.90. The strike price of R12.62 was determined with reference to the volume-weighted average price over the preceding 15 days.

The closing market price at the date of the award granted on 10 December 2007 was R23.00. The strike price of R22.13 was determined with reference to the volume weighted average price over the preceding 15 days.

The closing market price at the date of the award granted on 5 June 2006 was R17.10. The strike price of R17.07 was determined with reference to the volume weighted average price over the preceding 15 days.

Deferred Bonus Plan

The introduction of the deferred bonus plan as a third element to the share plan structure was approved by shareholders

at the last annual general meeting and awards were granted on 22 February 2010. The purpose of the deferred bonus plan is to encourage executive directors and group executive committee members to use up to 50% of their after tax annual bonus, awarded at an operating level, to acquire shares in the company that are retained for three years. The incentive to do so is a matching award of the number of shares purchased and held for a three year period on a one-for-one basis. The plan supports retention aspects and directly aligns executive experience with that of shareholders. For this reason, and also to reflect the fact that performance conditions are applied in order to determine the annual bonus payment, no performance conditions are imposed on the matching awards granted under this plan.

Table 4
Deferred Bonus Plan purchases 2011

Name	Participation date	Number of shares purchased	Share price (rand)	Matching award release date
Executive directors				
G Griffiths	15.12.2010	34 618	22.72	15.12.2013
	22.02.2010	1 800	17.89	22.02.2013
AB Marshall	15.12.2010	72 913	22.72	15.12.2013
	22.02.2010	23 330	17.89	22.02.2013
FV Tshiqi	15.12.2010	13 137	22.72	15.12.2013
	22.02.2010	5 555	17.89	22.02.2013
Group executive committee members				
CH Bromley	15.12.2010	14 637	22.72	15.12.2013
	22.02.2010	12 265	17.89	22.02.2013
PA De Weerd	15.12.2010	14 708	22.72	15.12.2013
	22.02.2010	12 265	17.89	22.02.2013
RG Morris	15.12.2010	19 180	22.72	15.12.2013
	22.02.2010	12 265	17.89	22.02.2013
SE Msane	15.12.2010	10 947	22.72	15.12.2013
	22.02.2010	11 198	17.89	22.02.2013
ZK Nzimande	15.12.2010	13 137	22.72	15.12.2013
	22.02.2010	5 599	17.89	22.02.2013
NP O'Brien	15.12.2010	15 540	22.72	15.12.2013
	22.02.2010	9 355	17.89	22.02.2013

The Nampak 1985 Share Option Scheme

The Share Option Scheme is no longer appropriate due to changes in best practice and therefore has not been used to grant awards since 2 December 2004. The scheme will however remain

in place until such time as prior granted options are exercised or lapse. The share options granted in previous years have not had any performance conditions attached to them.

The actual share options issued until December 2004 and the gains on the

options exercised for the financial period under review for the executive directors and the group executive committee are included in table 6. No further allocations will be made under the share option scheme.

Table 5
Share options 2011

Name	Date of grant	Issue price (cents)	Number of options held at 30 September 2010	Number of options exercised	Exercise price (cents)	Gain on options exercised (rand)	Number of options held at 30 September 2011	Lapse date
Executive directors								
G Griffiths	-	-	-	-	-	-	-	-
AB Marshall	-	-	-	-	-	-	-	-
FV Tshiqi	25.07.2002	1 326	40 000	-	-	-	40 000	25.07.2012
	27.11.2003	1 234	25 000	25 000	2 250	254 000	-	-
	01.12.2004	1 495	40 000	-	-	-	40 000	01.12.2014
Group executive committee members								
CH Bromley	14.12.2001	1 060	50 000	50 000	2 100	520 000	-	-
	25.07.2002	1 326	40 000	-	-	-	40 000	25.07.2012
	27.11.2003	1 234	70 000	-	-	-	70 000	27.11.2013
	01.12.2004	1 495	85 000	-	-	-	85 000	01.12.2014
PA De Weerd	25.07.2002	1 326	10 000	10 000	2 294	96 800	-	-
	01.12.2004	1 495	15 000	-	-	-	15 000	01.12.2014
RG Morris	14.12.2001	1 060	97 400	97 400	2 242	1 151 268	-	-
	25.07.2002	1 326	30 000	-	-	-	30 000	25.07.2012
	27.11.2003	1 234	70 000	-	-	-	70 000	27.11.2013
	01.12.2004	1 495	90 000	-	-	-	90 000	01.12.2014
SE Msane	27.11.2003	1 234	23 400	23 400	2 300	249 444	-	-
	01.12.2004	1 495	30 000	30 000	2 300	241 500	-	-
ZK Nzimande	-	-	-	-	-	-	-	-
NP O'Brien	14.12.2001	1 060	100 000	100 000	2 302	1 241 530	-	-
	25.07.2002	1 326	50 000	-	-	-	50 000	25.07.2012
	27.11.2003	1 234	50 000	-	-	-	50 000	27.11.2013
	01.12.2004	1 495	50 000	-	-	-	50 000	01.12.2014

Participants in the share option scheme could elect to receive trust loans in terms of the Nampak 1979 Share Purchase Trust to finance the exercise of share options. All share trust loans have been settled and there are no outstanding loans in the share purchase trust.

Dilution and IFRS expense

The level of dilution of the share plans is within parameters set by the remuneration committee and approved by shareholders. Under the share plans,

the number of new shares which can be issued or treasury shares utilised is 32 million shares, which is split as follows:

- Performance share plan 9 million shares;
- Share appreciation plan 18 million shares; and
- Deferred bonus plan 5 million shares.

The current allocations under each plan as at 30 September 2011 before

applying performance criteria to determine releasing are as follows:

- Performance share plan 3.3 million
- Share appreciation plan 8.0 million
- Deferred bonus plan 0.4 million

There is also a limit on the number of shares which can be allocated and remain unvested to any one individual under the three share plans. This limit, also approved by shareholders, is 2 200 000 shares.

The IFRS 2 expense recognised during the year in respect of past grants is set out in table 7 (a).

Table 6(a)

Recognised IFRS 2 expense during 2011

Name		Balance of shares being expensed at 30 September 2011	Expenses recognised during the year (rand)
Executive directors			
G Griffiths	Options	0	0
	Performance Share Plan	237 811	673 216
	Share Appreciation Plan	208 269	210 212
	Deferred Bonus Plan	36 418	216 675
AB Marshall	Options	0	0
	Performance Share Plan	942 657	2 480 774
	Share Appreciation Plan	511 639	369 150
	Deferred Bonus Plan	96 243	545 214
FV Tshiqi	Options	65 000	0
	Performance Share Plan	197 914	436 241
	Share Appreciation Plan	147 464	90 107
	Deferred Bonus Plan	18 692	104 379
	Black Management Trust	982 579	0

Table 6(a) continued

Recognised IFRS 2 expense during 2011 continued

Name		Balance of shares being expensed at 30 September 2011	Expenses recognised during the year (rand)
Group executive committee members			
CH Bromley			
	Options	155 000	0
	Performance Share Plan	273 267	547 237
	Share Appreciation Plan	217 289	90 107
	Deferred Bonus Plan	26 902	143 926
PA De Weerd			
	Options	15 000	0
	Performance Share Plan	273 267	547 237
	Share Appreciation Plan	156 837	90 107
	Deferred Bonus Plan	26 973	144 353
RG Morris			
	Options	160 000	0
	Performance Share Plan	273 267	548 704
	Share Appreciation Plan	217 289	90 107
	Deferred Bonus Plan	31 445	171 286
SE Msane			
	Options	53 400	0
	Performance Share Plan	195 217	395 020
	Share Appreciation Plan	136 522	69 713
	Deferred Bonus Plan	22 145	116 850
	Black Management Trust	725 000	0
ZK Nzimande			
	Options	0	0
	Performance Share Plan	97 298	255 661
	Share Appreciation Plan	69 505	69 713
	Deferred Bonus Plan	18 736	104 579
	Black Management Trust	233 333	0
NP O'Brien			
	Options	100 000	0
	Performance Share Plan	173 706	366 081
	Share Appreciation Plan	127 831	69 713
	Deferred Bonus Plan	24 895	136 131

Table 6(b)

Recognised IFRS 2 expense during 2010

Name		Balance of shares being expensed at 30 September 2010	Expenses recognised during the year (rand)
Executive directors			
G Griffiths	Options	0	0
	Performance Share Plan	118 811	335 694
	Share Appreciation Plan	117 269	186 578
	Deferred Bonus Plan	1 800	5 240
AB Marshall	Options	0	0
	Performance Share Plan	740 157	1 190 260
	Share Appreciation Plan	301 639	236 810
	Deferred Bonus Plan	23 330	67 921
FV Tshiqi	Options	65 000	0
	Performance Share Plan	157 981	225 076
	Share Appreciation Plan	107 464	78 180
	Deferred Bonus Plan	5 555	16 172
	Black Management Trust	982 579	0
Group executive committee members			
CH Bromley	Options	155 000	0
	Performance Share Plan	264 602	369 121
	Share Appreciation Plan	177 289	78 180
	Deferred Bonus Plan	12 265	35 707
PA De Weerd	Options	15 000	0
	Performance Share Plan	264 602	369 121
	Share Appreciation Plan	116 837	78 180
	Deferred Bonus Plan	12 265	35 707
RG Morris	Options	160 000	0
	Performance Share Plan	264 602	373 040
	Share Appreciation Plan	177 289	78 180
	Deferred Bonus Plan	12 265	35 707

Table 6(b) continued

Recognised IFRS 2 expense during 2010 continued

Name		Balance of shares being expensed at 30 September 2010	Expenses recognised during the year (rand)
SE Msane			
	Options	53 400	0
	Performance Share Plan	126 717	207 757
	Share Appreciation Plan	109 522	67 627
	Deferred Bonus Plan	11 198	32 601
	Black Management Trust	725 000	0
ZK Nzimande			
	Options	0	0
	Performance Share Plan	32 298	91 256
	Share Appreciation Plan	42 505	67 627
	Deferred Bonus Plan	5 599	16 300
	Black Management Trust	233 333	0
NP O'Brien			
	Options	100 000	0
	Performance Share Plan	147 156	0
	Share Appreciation Plan	100 831	67 627
	Deferred Bonus Plan	9 355	27 235

Black Management Trust

In response to the Broad-Based Black Economic Empowerment Act, No 53 of 2003 and to demonstrate Nampak's commitment to transformation, The Nampak Black Management Trust was established on 30 September 2005. Nampak provided a founding grant to the trust that provided for shares to be allocated to Black managers over a period of five years. One-third of the shares vested three years after the operative date, a further one-third vested after four years and the final third vested on 30 September 2010 provided the service is not terminated for disciplinary reasons. The shares will be held in the trust until 31 December 2015, at which time the founding grant will be settled and the balance of the benefit will be released to the beneficiaries.

Table 7
Allocations under the Black Management Trust

Name	Date of allocation	Number of awards granted	Founding grant price in (cents)
FV Tshiqi	15/12/2005	350 000	1 513
FV Tshiqi	31/03/2007	350 000	1 513
FV Tshiqi	01/04/2010	275 000	1 513
FV Tshiqi	30/09/2010	7 579	1 513
Sub-total		982 579	
SE Msane	15/12/2005	350 000	1 513
SE Msane	31/03/2007	350 000	1 513
SE Msane	01/04/2010	21 000	1 513
SE Msane	30/09/2010	4 000	1 513
Sub-total		725 000	
ZK Nzimande	01/10/2009	233 333	1 513

Shareholders' non-binding advisory vote

In terms of King III and best practice principles the remuneration policy as contained in this remuneration report, will be put to a non-binding shareholders vote at the annual general meeting of shareholders. Refer to resolution 11 on page 213 in this regard.

Service contracts

The chief executive officer and chief financial officer have indefinite service contracts with a six-month notice period. The notice periods automatically reduce to three months at the end of September each year. The committee reviews and agrees the notice periods for the following year. The notice periods were renewed at six-months with effect from 1 October 2011. The group human resources director has an indefinite service contract with a three month notice period.

The group executive committee members have indefinite service contracts with a one month notice period by either party.

In the event of redundancy, executive directors and other group executive members are entitled to receive payment, in addition to notice pay, in terms of the Nampak redundancy

policy. Redundancy pay for directors is four weeks of pay for every completed year of service calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. On retirement, executive directors receive a retirement gratuity to a maximum of R500 000.

The service contracts do not contain any other provisions relating to payments due on termination of employment (for whatsoever reason) or following a change of control of the company. Further, the directors have no entitlement to a restraint of trade payment and are not entitled to any other material ex-gratia payment.

Group executive committee members who joined the company prior to June 1996 would be entitled to a company subsidy of post-retirement medical contributions for themselves and their spouses of either 100% after 25 years services or 50% on service between ten and fifteen years on retirement and depending on policy as amended from time to time.

Non-executive directors' remuneration

Non-executive directors received a fixed level of remuneration for their services based on their participation in board

meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. The chief executive officer recommends the non-executive director fee structures after obtaining input from Global Remuneration Solutions and Deloitte and Touche regarding market movements and current pay practices. In addition, the committee reviews the published non-executive director fees and committee fees of peer companies. Consideration is given to any changes in the level of complexity of the roles when assessing the fee recommendations. These recommendations are then considered by the remuneration committee (excluding recommendations on their own fees) and the board before being submitted to shareholders for approval. An increase to the non-executive directors' and committee fees will be proposed for 2012 and the proposals are set out in table 9 on page 107 and in the notice of the annual general meeting. The fees earned by the non-executive directors for the financial period under review are outlined in table 9 (a).

Table 8(a)
Non-executive directors' remuneration for 2011

Name	Notes	Directors' fees (rand)		Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social, ethics and transformation committee total fees (rand) Note 5	Total (rand)
		Base fee	Meeting fees						
RC Andersen		100 300	87 150	73 000	70 250	64 500			395 200
RJ Khoza	1	100 300	49 800			42 869			192 969
PM Madi		100 300	87 150				58 750	122 000	368 200
VN Magwentshu	2	66 031	62 250	8 788				14 224	151 293
TT Mboweni	3	1 210 000							1 210 000
DC Moephuli	4	100 300	62 250				58 750		221 300
CWN Molohe		100 300	74 700	85 000			104 750		364 750
RV Smither		100 300	74 700	175 000			50 404		400 404
PM Surgey		100 300	87 150	12 000	139 250	64 500	58 750	64 500	526 450
Total		1 978 131	585 150	353 788	209 500	171 869	331 404	200 724	3 830 566

Note 1: Appointed to the nomination committee with effect from 1 February 2011.

Note 2: Appointed to the Nampak Limited board with effect from 3 February 2011. Appointed to the audit committee and the social, ethics and transformation committee with effect from 27 July 2011.

Note 3: Fee includes participation in board sub-committee meetings.

Note 4: Fees donated to Agang Sechaba Trust.

Note 5: Changed from transformation committee to social, ethics and transformation committee with effect from 27 July 2011.

Table 8(b)
Non-executive directors' remuneration for 2010

Name	Notes	Directors' fees (rand)		Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk management committee total fees (rand)	Transformation and sustainability committee total fees (rand)	Total (rand)
		Base fee	Meeting fees						
RC Andersen		80 500	60 000	100 500	53 750	10 625			305 375
T Evans	1	620 000	80 000		46 621				746 621
RJ Khoza		80 500	40 000						120 500
PM Madi		80 500	60 000				46 000	69 370	255 870
TT Mboweni	2	310 000	60 000		23 629				393 629
DC Moephuli	3	68 688	50 000						118 688
KM Mokoape	4	8 125	–					3 250	11 375
CWN Molohe		80 500	70 000	90 500			91 000		332 000
ML Ndlovu	5	5 652	–		2 261			4 260	12 173
RV Smither		80 500	60 000	160 500			51 000		352 000
PM Surgey		80 500	70 000		103 750	13 125		46 000	313 375
MH Visser	6	68 250	40 000						108 250
Total		1 563 715	590 000	351 500	230 011	23 750	188 000	122 880	3 069 856

Note 1: Resigned from Nampak Limited board with effect from 31 May 2010.

Note 2: Appointed to the Nampak Limited board with effect from 1 June 2010.

Note 3: Appointed to the Nampak Limited board with effect from 23 November 2009. Fees donated to Agang Sechaba Trust.

Note 4: Resigned from Nampak Limited board with effect from 23 October 2009.

Note 5: Resigned from Nampak Limited board with effect from 16 October 2009.

Note 6: Resigned from Nampak Limited board with effect from 5 August 2010.

The proposed increases in the level of fees payable to the non-executive directors for 2012 are set out in table 10. The fee structure consists of a base fee plus a fee per meeting attended. The proposed fees (on average) still lag the median but they are considered as sufficient to attract and retain an appropriate skills and expertise. The proposed fee increase is in the order of 8%.

Table 9

Proposed directors' fees and committee fees for 2012

	Base fee (rand)	Fee per meeting for attendance (rand)	Number of formal meetings anticipated per annum	Total anticipated fee 2011 (rand)
Service as directors				
Single fee for role of chairman				
Chairman of the board				1 306 800
Directors	108 600	13 400	6	189 000
Audit committee				
Chairman	108 000	27 000	3	189 000
Members	53 000	13 000	3	92 000
Nominations committee				
Members	51 000	6 250	2	63 500
Risk and sustainability committee				
Chairman	75 900	18 620	2	113 140
Members	51 000	6 250	2	63 500
Remuneration committee				
Chairman	75 900	18 620	4	150 380
Members	51 000	6 250	4	76 000
Social, ethics and transformation committee				
Chairman	75 900	18 620	2	113 140
Members	51 000	6 250	2	63 500

The fees for attendance at meetings will be adjusted to reflect the actual number of meetings held during the financial year.

Shareholders are referred to special resolution number 1 on pages 214 and 215 of the integrated report regarding approval of the proposed non-executive directors' fees and committee fees.

Details of shares held by non-executive directors are reflected in the directors' report on pages 118 and 119.



44 444 large elephants...

... equals the total weight of paper and board we collect for recycling annually

Financial statements

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Certificate by company secretary

In terms of section 88(2) (e) of the Companies Act 2008, as amended, I certify that the company has lodged with the Commissioner all such returns and notices required by the Companies Act and that all such returns and notices are true, correct and up to date.



NP O'Brien
Company secretary

23 November 2011

Directors' responsibility for annual financial statements

for the year ended 30 September 2011

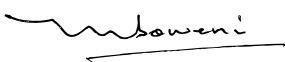
The directors of the company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2008 and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

The directors are responsible for the internal controls and management enables the directors to meet these responsibilities. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

Ernst & Young fulfils the Group internal audit function and nothing has been brought to the attention of the directors which indicates that the group's system of internal financial controls, in all material aspects, does not provide a basis for reliable financial statements.

It is the responsibility of the independent auditors to report on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

The annual financial statements for the year ended 30 September 2011, set out on pages 112 to 212, were approved by the board of directors at its meeting on 23 November 2011 and are signed on its behalf by:



TT Mboweni
Chairman



AB Marshall
Chief executive officer

Preparer of financial statements

The annual financial statements have been prepared under the supervision of GF Janse van Vuuren CA(SA).

GF Janse van Vuuren
Group financial manager

23 November 2011

Report of the independent auditors

TO THE MEMBERS OF NAMPAK LIMITED

We have audited the group annual financial statements and annual financial statements of Nampak Limited, which comprise the consolidated and separate statements of financial position as at 30 September 2011, and the consolidated and separate statements of comprehensive income, the consolidated statement and separate statements of changes in equity, and the consolidated and separate statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 93 to 106 and pages 112 to 212 .

Directors' responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

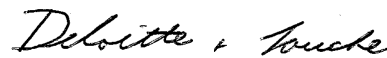
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks or material misstatement of the financial statements, whether due to fraud or 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 principles 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, these annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Nampak Limited as at 30 September 2011, 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 in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditors
Per AF Mackie
Partner

23 November 2011

Buildings 1 and 2, Deloitte Place
The Woodlands Office Park, Woodlands Drive
Woodmead, Sandton

National executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory & Legal services, NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco HR, CR Beukman Finance, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board.

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

Audit committee report

INTRODUCTION

The audit committee presents its report for the financial year ended 30 September 2011.

ROLES AND RESPONSIBILITIES

The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of section 94(7) of the Companies Act, No 71 of 2008, and as contained in the committee's charter. In particular, the committee:

- reviewed the interim and annual financial statements and recommended them for adoption by the board;
- approved the internal audit charter and audit plans;
- received and reviewed reports from both the internal and external auditors, which included commentary on effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the board;
- ensured that the appointment of the external auditors complied with the provisions of the Companies Act, 71 of 2008, and other legislation relating to the appointment of auditors;
- determined the fees to be paid to the external auditors and their terms of engagement;
- determined the nature and extent of non-audit services which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors;
- received and dealt appropriately with any complaints, from within or outside the company, relating to the accounting practices and internal audit of the company, to the content or auditing of its financial statements, or any related matter.

The audit committee charter provides for confidential meetings between the committee members and the external auditors. The internal and external auditors have unrestricted access to the committee.

EXTERNAL AUDIT

For the year under review the committee is satisfied that the external auditor was independent.

The committee resolved to nominate Deloitte & Touche for re-election at the next annual general meeting of the company, and Mr Andrew Mackie as the designated partner to perform the functions of external auditor until the annual general meeting in 2013.

INTERNAL AUDIT AND INTERNAL CONTROLS

The committee approved the internal audit plan and evaluated the performance of the internal audit function, which it found to be satisfactory.

Based on work done by the external and internal auditors and reports from management the committee is not aware of anything which indicates that the group's internal controls do not provide a basis for reliable annual financial statements.

COMMITTEE MEMBERS

During the course of the year the membership of the audit committee comprised solely independent non-executive directors. Details of membership of the committee can be found on page 75. The group chairman, chief executive officer, chief financial officer, external auditors and internal auditors and senior financial managers all attend meetings of the committee by invitation.

EVALUATION OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

As required by the JSE Limited Listings Requirements, the committee satisfied itself that the chief financial officer, Mr Gareth Griffiths, has appropriate expertise and experience. The committee also satisfied itself that the finance function had appropriate resources, skills and experience.

INTEGRATED REPORT

The committee has evaluated the integrated annual report for the year ended 30 September 2011 and considers that it complies in all material respects with the requirements of the Companies Act, No 71 of 2008, as amended, and International Financial Reporting Standards (IFRS).

RV Smither
Chairman of the audit committee

23 November 2011

Directors' report

for the year ended 30 September 2011

BUSINESS OF THE COMPANY

Nampak, which has been listed on the JSE since 1969, is Africa's largest and most diversified packaging manufacturer with operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

It produces packaging products from metal, paper, plastics and glass, is a major manufacturer and marketer of a wide range of tissue products and is the leading supplier of plastic bottles to the dairy industry in the United Kingdom.

Collection and recycling of all types of used packaging is of the utmost importance and is a core strategic activity.

The group's world-class research and development facility based in Cape Town provides technical expertise and support to Nampak's businesses as well as to its customers.

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, No 71 of 2008 (as amended). The principal accounting policies have been applied consistently with the previous year.

BORROWING FACILITIES

Group gross borrowings at 30 September 2011 amount to R2 032.9 million (2010: R2 460.3 million). In terms of the company's memorandum of incorporation, the borrowing powers are unlimited. Details of the borrowings and facilities are set out in notes 1 and 15 to the annual financial statements.

REVIEW OF OPERATIONS AND RESULTS

The performance of the divisions and the group's results are comprehensively reviewed on pages 16 to 26 and 120 to 212.

CORPORATE ACTIVITY

The minority interests in Packaging Industries Malawi Limited and Nampak Nigeria Plc were acquired during the year. Both companies are now wholly owned.

In continuation of the group's stated strategy to fix, close or sell underperforming businesses, the following were sold:

- Europe cartons and healthcare packaging;
- Disaki Cores and Tubes (Pty) Limited;
- Interpak Books (Pty) Limited;
- Nampak Laminated and Coated Products (L & CP);
- The Tubs business of Nampak Tubes & Tubs; and
- Properties surplus to the group's requirements.

Nampak Corrugated PMB (Pty) Limited was deregistered during the year.

SHARE CAPITAL

Details of the authorised and issued share capital are given in note 14 to the annual financial statements. During the year the issued ordinary share capital was increased as follows:

	Ordinary shares of 5 cents each
Issued at 30 September 2010	660 777 659
Conversion and listing of 31 857 195 preferred ordinary shares into ordinary shares, held by the company's BEE partner, Red Coral Investments 23 (Pty) Limited	31 857 195
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme (Option Scheme)	2 307 200
Ordinary shares allotted to a director in terms of the option scheme	25 000
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan (PSP)	189 406
Ordinary shares allotted to a director in terms of the PSP	9 238
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited Share Appreciation Plan (SAP)	33 027
Issued at 30 September 2011	695 198 725

There were no changes to the issued 6.5% and 6% preference shares.

SHARE PLANS

The Nampak 1985 Share Option Scheme (option scheme)

A total of 2 332 200 ordinary shares of 5 cents each were allotted during the year consequent upon the exercise of share options.

The relevant particulars of the option scheme, which was closed to future allocations in 2006, are set out below:

	Ordinary shares	
	2011	2010
Balance at the commencement of the financial year	4 319 300	5 669 400
Options exercised during the year	(2 332 200)	(1 335 100)
Options forfeited during the year	–	(15 000)
Balance at the end of the financial year	1 987 100	4 319 300
These options are exercisable over periods between 1 October 2011 and 1 December 2014 at an average price of 1 302 cents per share:		
Directors*	80 000	105 000
Other employees and retirees	1 907 100	4 214 300
Total	1 987 100	4 319 300
Number of participants	34	63

*Please refer to page 118 of the directors' report for details of directors' share options

Directors' report continued

for the year ended 30 September 2011

The Nampak Limited Performance Share Plan and the Nampak Limited Share Appreciation Plan

Shareholders approved the adoption of the Nampak Limited Performance Share Plan 2009 (PSP 2009) and the Nampak Limited Share Appreciation Plan 2009 (SAP 2009) (the replacement plans) in replacement of the Nampak Limited Performance Share Plan (PSP) and the Nampak Limited Share Appreciation Plan (SAP) at the annual general meeting of the company held on 3 February 2010.

As a result of the adoption of the replacement plans, no further allocations of awards have been made in terms of the PSP and the SAP.

Details of the share plans are included in the remuneration report appearing on pages 94 to 99.

The tables below show the number of shares under award and the maximum number of shares which may be delivered. However, the actual number of shares which will be delivered to participants will depend on the extent to which performance conditions will be satisfied and, consequently, may be less than the number stated below:

The Nampak Limited Performance Share Plan (PSP)

	PSP rights	
	2011	2010
Balance at the commencement of the financial year	2 974 701	2 560 007
Number of conditional shares awarded during the year:		
Executive directors	–	414 948
Senior executives	–	276 118
Forfeitures/cancellations	(32 842)	–
Retirements	–	(103 390)
PSP rights forfeited due to under achievement of performance criteria	(702 492)	–
PSP rights exercised	(158 358)	(172 982)
Balance at the end of the financial year	2 081 009	2 974 701
Number of participants	17	16

The Nampak Limited Share Appreciation Plan (SAP)

	SAP rights	
	2011	2010
Balance at the commencement of the financial year	6 943 863	6 527 812
Number of conditional shares awarded during the year:		
Executive directors	–	315 248
Senior employees	–	324 067
Forfeitures/cancellations	(160 666)	(187 667)
Retirements	(8 333)	(35 597)
SAP rights forfeited due to under achievement of performance criteria	(2 525 458)	–
SAP rights exercised	(56 999)	–
Balance at the end of the financial year	4 192 407	6 943 863
Number of participants	191	205

The Nampak Limited Performance Share Plan 2009 (PSP 2009)

	PSP 2009 rights	
	2011	2010
Balance at the commencement of the financial year	150 000	–
Number of conditional shares awarded during the year:		
Executive directors	397 700	150 000
Senior executives	701 800	–
Forfeitures/cancellations	–	–
Retirements	–	–
Balance at the end of the financial year	1 249 500	150 000
Number of participants	24	1

The Nampak Limited Share Appreciation Plan 2009 (SAP 2009)

	SAP 2009 rights	
	2011	2010
Balance at the commencement of the financial year	–	–
Number of conditional shares awarded during the year:		
Executive directors	341 000	–
Senior executives	3 740 700	–
Forfeitures/cancellations	(238 050)	–
Retirements	–	–
Balance at the end of the financial year	3 843 650	–
Number of participants	204	–

The Nampak Limited Deferred Bonus Plan 2009 (DBP 2009)

Selected employees are able to apply up to a maximum of 50% of their after tax annual bonus to purchase bonus shares. Employees will receive a matching award, which is a conditional right to receive shares equal in value to the bonus shares held as at the respective vesting dates on a 1:1 basis. Vesting of the matching award is dependent upon continued employment and is not subject to the satisfaction of performance targets.

The DBP may be summarised as follows:

	2011	2010
Balance at the commencement of the financial year	154 173	–
Number of bonus shares purchased by employees during the year:		
Executive directors	120 668	30 685
Senior executives	141 442	123 488
Number of bonus shares transferred/sold to/by employees during the year:		
Executive directors	–	–
Senior executives	(18 643)	–
Balance at the end of the financial year	397 640	154 173
Number of participants	17	18

Directors' report continued

for the year ended 30 September 2011

Placement of unissued shares under the control of the directors for purposes of the share plans

In terms of resolutions passed by shareholders of the company at the annual general meeting held on 8 February 2006, no more than 7.13% of the total issued ordinary shares as at 24 January 2006 (46.4 million shares) may be set aside from the unissued share capital of the company for purposes of all share plans. The total unissued shares under the control of the directors for purposes of all share plans at 30 September 2011 is summarised below:

Balance at the commencement of the financial year	24 999 638
Less: Awards granted in terms of the PSP during the current financial year	–
Awards granted in terms of the SAP during the current financial year	–
Awards granted in terms of the PSP 2009 during the current financial year	(1 099 500)
Awards granted in terms of the SAP 2009 during the current financial year	(4 081 700)
Add: Options forfeited during the current financial year	–
Awards forfeited in terms of the PSP during the current financial year	735 334
Awards forfeited in terms of the SAP during the current financial year	2 566 124
Awards forfeited in terms of the PSP 2009 during the current financial year	–
Awards forfeited in terms of the SAP 2009 during the current financial year	238 050
Maximum available for future allocation	23 357 946

The above calculation illustrates the maximum potential dilution impact of all the share plans and it is unlikely that this dilution limit will be reached. This is because the SAP is much less dilutive than conventional option plans, as only the appreciation in the share price is settled in shares. One award granted will therefore never result in a full share being issued.

It should be noted that, in terms of clause 12.2 of the trust deeds of both the PSP and the SAP, the number of ordinary shares which may be acquired by participants under the plans between the dates of the first awards and the fifth anniversary of the first awards, shall not exceed 2.4548% in aggregate of the company's issued ordinary share capital as at 24 January 2006, or 16 million ordinary shares.

Please refer to note 22 of the annual financial statements for further particulars of these plans.

Dividends

Details of dividends paid, dealt with in the financial statements, are shown below:

Class of share	Dividend number	Cents per share	Declaration date	Last day to trade	Payment date
6% cumulative preference	84	6.00	22/11/2010	21/01/2011	31/01/2011
	85	6.00	23/06/2011	22/07/2011	01/08/2011
6.5% cumulative preference	84	6.50	22/11/2010	21/01/2011	31/01/2011
	85	6.50	23/06/2011	22/07/2011	01/08/2011
Preferred ordinary	11	50.0	22/11/2010	n/a	31/01/2011
Ordinary	78	34.0	25/05/2011	01/07/2011	11/07/2011
	79	30.5	23/11/2011	13/01/2012	23/01/2012
Cash distribution	8	43.5	23/11/2011	13/01/2012	23/01/2012

The important dates pertaining to the payment of ordinary dividend number 79 are as follows:

Last day to trade ordinary shares “cum” dividend	Friday 13 January 2012
Ordinary shares trade “ex” dividend	Monday 16 January 2012
Record date	Friday 20 January 2012
Payment date	Monday 23 January 2012

Ordinary share certificates may not be dematerialised or re-materialised between Monday 16 January 2012 and Friday 20 January 2012, both days inclusive.

Directors and secretary

The names of the directors and secretary in office at 30 September 2011 are set out on pages 8 and 9 and on the inside back cover of the integrated annual report.

Mrs VN Magwentshu was appointed an independent, non-executive director of the company on 3 February 2011. Mrs Magwentshu does not have a service contract as a non-executive director and in terms of the memorandum of incorporation of the company, confirmation of her appointment as an independent, non-executive director of the company will be sought at the forthcoming annual general meeting.

Messrs G Griffiths, PM Surgey and FV Tshiqi retire by rotation in terms of the company’s memorandum of incorporation but, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Mr Surgey does not have a service contract as a non-executive director.

Directors' report continued

for the year ended 30 September 2011

Interests of directors and prescribed officers

The total direct and indirect beneficial and non-beneficial interests of the directors and prescribed officers of Nampak Limited in the issued ordinary share capital of the company as at 30 September 2011 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2011	2010	2011	Option prices (cents)	Date of grant	2010
Beneficial interests						
Executive directors						
G Griffiths	36 418	1 800	–	–	–	–
AB Marshall	96 243	23 330	–	–	–	–
FV Tshiqi	33 538	15 049	40 000	1 326	25/07/02	40 000
			–	1 234	27/11/03	25 000
			40 000	1 495	01/12/04	40 000
Non-executive directors						
RC Andersen	31 000	31 000	–	–	–	–
RV Smither	8 190	8 190	–	–	–	–
Non-beneficial interests of directors	12	11				
Beneficial interests						
Prescribed officers						
CH Bromley	53 329	28 834	40 000	1 326	25/07/02	40 000
			–	1 060	14/12/01	50 000
			70 000	1 234	27/11/03	70 000
			85 000	1 495	01/12/04	85 000
PA De Weerd	66 193	26 009	–	1 326	25/07/02	10 000
			15 000	1 495	01/12/04	15 000
RG Morris	73 037	38 381	–	1 060	14/12/01	97 400
			30 000	1 326	25/07/02	30 000
			70 000	1 234	27/11/03	70 000
			90 000	1 495	01/12/04	90 000
SE Msane	23 245	11 198	–	1 234	27/11/03	23 400
			–	1 495	01/12/04	30 000
ZK Nzimande	18 736	5 599	–	–	–	–
NP O'Brien	39 100	17 037	–	1 060	14/12/01	100 000
			50 000	1 326	25/07/02	50 000
			50 000	1 234	27/11/03	50 000
			50 000	1 495	01/12/04	50 000

* In terms of the option scheme

The following non-executive directors had an indirect, beneficial shareholding through Red Coral Investments 23 (Pty) Limited in the ordinary share capital of the company as at 30 September 2011:

Name of director	2011	2010
RJ Khoza	3 780 214	3 780 214
CWN Molope	318 891	318 891

Litigation statement

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Nampak are aware) which may have a material effect on the financial position of the group.

Going concern

The directors believe that the company will be a going concern for the foreseeable future.

Special resolutions

No special resolutions were passed by shareholders of the subsidiary companies during the year under review.

Retirement funds

Details of retirement funds are reflected in note 17 to the annual financial statements.

Subsidiary, joint venture and associate companies

Details of the company's significant subsidiaries, joint ventures and associates are given in Annexure A on pages 210 to 212.

Group statement of financial position

at 30 September 2011

	Notes	2011 R million	2010 R million
ASSETS			
Non-current assets			
Property, plant and equipment	3	5 686.3	6 197.8
Investment property	3	1.0	2.1
Goodwill	4	160.8	252.9
Other intangible assets	5	22.3	48.2
Investments in associates	6	24.0	23.8
Other non-current financial assets	8	338.8	385.1
Deferred tax assets	9	24.5	46.9
		6 257.7	6 956.8
Current assets			
Inventories	10	2 683.0	2 272.6
Trade receivables and other current assets	11	2 514.8	2 697.3
Tax assets		1.7	77.2
Bank balances, deposits and cash	12	1 450.8	718.6
		6 650.3	5 765.7
Assets classified as held for sale	13	–	202.6
Total assets		12 908.0	12 925.1
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	35.8	35.7
Capital reserves	14	(503.4)	(543.4)
Other reserves	14	(334.5)	(755.2)
Retained earnings	14	6 535.2	6 603.7
Shareholders' equity		5 733.1	5 340.8
Non-controlling interest	14	(38.2)	27.5
Total equity		5 694.9	5 368.3
Non-current liabilities			
Loans and borrowings	15	1 358.7	1 631.0
Other non-current liabilities	16	7.7	15.8
Retirement benefit obligation	17	1 360.5	1 404.5
Deferred tax liabilities	9	490.3	286.9
		3 217.2	3 338.2
Current liabilities			
Trade payables and other current liabilities	18	3 137.4	3 004.5
Bank overdrafts and loans	15	674.2	829.3
Provisions	19	74.5	131.2
Tax liabilities		109.8	175.2
		3 995.9	4 140.2
Liabilities directly associated with assets classified as held for sale	13	–	78.4
Total equity and liabilities		12 908.0	12 925.1

Group statement of comprehensive income

for the year ended 30 September 2011

	Notes	2011 R million	Restated 2010 R million
CONTINUING OPERATIONS			
Revenue	20	15 818.6	15 774.2
Raw materials and consumables used		7 524.6	7 783.3
Employee benefit expense		3 102.4	3 064.4
Depreciation and amortisation expense		578.7	597.7
Other operating expenses		3 290.4	3 302.4
Other operating income		175.3	202.3
Operating profit	21	1 497.8	1 228.7
Finance costs	23	171.5	246.6
Finance income	24	51.6	56.2
Income from investments	25	11.1	6.0
Share of profit in associates	6	1.2	3.6
Profit before tax		1 390.2	1 047.9
Income tax expense	26	456.5	269.4
Profit after tax from continuing operations		933.7	778.5
DISCONTINUED OPERATIONS			
(Loss)/profit for the year from discontinued operations	27	(331.1)	56.4
Profit for the year		602.6	834.9
Other comprehensive income/(expense) for the year, net of tax			
Exchange differences on translation of foreign operations		322.0	(234.3)
Net actuarial losses from retirement benefit obligations		(64.9)	(145.2)
Cumulative translation gains reclassified to profit or loss on disposal of subsidiary		(1.6)	–
Gains/(losses) on cash flow hedges		6.7	(0.4)
Other comprehensive income/(expense) for the year, net of tax		262.2	(379.9)
Total comprehensive income for the year		864.8	455.0
Profit/(loss) attributable to:			
Owners of Nampak Limited		627.9	825.9
Non-controlling interest in subsidiaries		(25.3)	9.0
		602.6	834.9
Total comprehensive income/(expense) attributable to:			
Owners of Nampak Limited		896.7	450.1
Non-controlling interest in subsidiaries		(31.9)	4.9
		864.8	455.0
Earnings per share			
Basic (cents per share)	29		
Continuing operations		162.6	130.9
Discontinued operations		(56.1)	9.6
Total		106.5	140.5
Diluted (cents per share)	29		
Continuing operations		157.4	129.6
Discontinued operations		(53.6)	9.3
Total		103.8	138.9

Group statement of changes in equity

for the year ended 30 September 2011

	Notes	2011 R million	2010 R million
Opening balance		5 368.3	5 129.5
Net shares issued during the year		32.7	19.5
Share-based payment expense		13.8	54.3
Share grants exercised		(5.2)	(3.4)
Disposal of treasury shares		–	0.3
Share of movement in associate's non-distributable reserve		(1.0)	(1.0)
Non-controlling interest realised on disposal of subsidiary		(1.6)	0.5
Buy-out of non-controlling interests in subsidiaries		(33.8)	–
Transfer from hedging reserve to related assets		–	2.2
Gain on available-for-sale financial assets		–	0.6
Total comprehensive income for the year		864.8	455.0
Dividends paid		(543.1)	(289.2)
Closing balance		5 694.9	5 368.3
Comprising:			
Share capital	14	35.8	35.7
Capital reserves	14	(503.4)	(543.4)
Share premium		298.4	265.8
Treasury shares		(1 149.7)	(1 149.7)
Share-based payments reserve		347.9	340.5
Other reserves	14	(334.5)	(755.2)
Foreign currency translation reserve		123.6	(203.4)
Hyperinflation capital adjustment		(24.3)	(24.3)
Financial instruments hedging reserve		8.4	(0.1)
Recognised actuarial losses		(405.4)	(491.6)
Share of non-distributable reserves in associates		1.3	2.3
Available-for-sale financial assets revaluation reserve		(38.3)	(38.3)
Other		0.2	0.2
Retained earnings	14	6 535.2	6 603.7
Shareholders' equity		5 733.1	5 340.8
Non-controlling interest	14	(38.2)	27.5
Total equity		5 694.9	5 368.3

Group statement of cash flows

for the year ended 30 September 2011

	Notes	2011 R million	2010 R million
Cash flows from operating activities			
Cash receipts from customers		16 657.9	18 666.0
Cash paid to suppliers and employees		(14 932.4)	(16 157.1)
Cash generated from operations	35.1	1 725.5	2 508.9
Income from investments		11.1	6.0
Interest received		48.4	59.3
Interest paid		(211.0)	(321.2)
Retirement benefits, contributions and settlements		(91.3)	(48.3)
Income tax paid		(188.3)	(93.3)
Replacement capital expenditure		(412.3)	(245.3)
Cash flows from operations		882.1	1 866.1
Dividends paid		(543.1)	(289.2)
Cash retained from operating activities		339.0	1 576.9
Cash flows from investing activities			
Expansion capital expenditure		(259.9)	(529.9)
Capitalised expenditure on group ERP systems and other intangible assets		(4.0)	(10.5)
Proceeds on the sale of property, plant and equipment		95.6	105.5
Acquisition of business	35.2	(1.3)	–
Buy-out of non-controlling interests	35.3	(33.8)	–
Proceeds on the disposal of businesses	35.4	834.3	16.3
Decrease/(increase) in non-current financial assets and investments		31.2	(9.6)
Cash retained from/(utilised in) investing activities		662.1	(428.2)
Cash flows from financing activities			
Non-current borrowings raised		30.0	12.2
Non-current borrowings repaid		(641.2)	(166.3)
Net current borrowings repaid	35.5	(12.0)	(473.8)
Net settlement of commercial paper	35.5	–	(633.0)
Capital proceeds from issue of shares		32.7	19.5
Cash utilised in financing activities		(590.5)	(1 241.4)
Net increase/(decrease) in cash and cash equivalents		410.6	(92.7)
Cash and cash equivalents at beginning of year		263.1	397.9
Translation of cash in foreign subsidiaries		124.2	(42.1)
Cash and cash equivalents at end of year	35.6	797.9	263.1

Discontinued operations are included in both the 2011 and 2010 statement of cash flows.

Accounting policies

for the year ended 30 September 2011

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner as required by the Companies Act of South Africa.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are stated at fair value.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- **Estimates of asset lives, residual lives and depreciation methods**

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by technology innovations, maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line which may not represent the actual usage of the asset.
- **Post-employment benefits valuations**

Actuarial valuations of employee benefit obligations under defined benefit funds are based on assumptions which include employee turnover, mortality rates, discount rates, inflation rates, medical inflation, the expected long-term return on plan assets and the rate of compensation increases.
- **Consolidation of special purpose entities**

Certain special purpose entities established as part of the black economic empowerment transaction have been consolidated as part of the group results.

The group does not have any direct or indirect shareholding in these entities, but the substance of the relationship between the group and these entities was assessed and judgement was made that these are controlled entities.

- **Impairment tests of assets and intangibles**

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Goodwill is tested for impairment annually. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value and, if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.
- **Valuation of share-based payments**

The group has various share schemes, including the schemes established as part of the BEE transaction. The fair value of these schemes is determined at inception based on assumptions on estimated forfeitures, market conditions, discount rates and share price volatility. The market conditions at inception may differ significantly to the eventual outcome.
- **Valuation of financial instruments**

Financial instruments are valued at the reporting date. The value of financial instruments can have material fluctuations and therefore disclosed amounts may differ from the realised value.
- **Deferred tax assets**

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates, and competitive forces.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and subsidiaries (including special purposes entities) where the group demonstrates it controls the entities. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The results of subsidiaries, associate companies and joint ventures acquired or disposed of during the year are included in the consolidated financial statements from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

All inter-group transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity. Non-controlling interests consist of the amount of the non-controlling shareholders' interests at the date of the original business combination and their share of changes in equity since the date of the combination.

4. BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of the exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5. INVESTMENTS IN ASSOCIATES

Associates are those companies in which the group holds a long-term equity interest and is in a position to exercise significant influence, but not control, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised.

Any excess of the cost of the acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

6. INTEREST IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Accounting policies continued

for the year ended 30 September 2011

6. INTEREST IN JOINT VENTURES (continued)

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The group's share of the assets, liabilities, results and cash flow information of jointly controlled entities is included in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset, when it is recognised immediately.

7. GOODWILL

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata of the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal.

8. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amounts and fair value less costs to sell. Impairment losses on the initial classification as held for sale and subsequent reassessments are accounted for in profit or loss. Non-current assets (and disposal groups) classified as held for sale are not depreciated.

Discontinued operations are classified as held for sale and are either a separate major line of business or geographical area of operations that has been sold or is part of a single co-ordinated plan to be disposed of.

9. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes. Revenue is measured net of cash discounts, settlement discounts and rebates given to customers.

Sales of goods are recognised when goods are delivered and title has passed. Revenue on services is recognised when the service has been performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

10. GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. Grants that compensate the group for expenses incurred are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants that compensate the group for the cost of an asset are recognised as deferred income and then recognised in comprehensive income or expense on a systematic basis over the useful life of the asset.

11. LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the present value of all minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the group's net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition or, if lower, the present value of minimum lease payments at inception of the lease less accumulated depreciation. The discount rate to be used in calculating the present value is the interest rate implicit to the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance for each accounting period.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of

the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

12. FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African rand, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period. However, where fair value adjustments of non-monetary items are recognised directly in equity, exchange differences arising on the retranslation of these non-monetary items are also recognised in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into derivative financial instruments. Further details are provided in the accounting policy relating to financial instruments.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in South African rand using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Equity is translated at the rate ruling on the date of acquisition. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve.

Accounting policies continued

for the year ended 30 September 2011

12. FOREIGN CURRENCIES (continued)

Exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

The income and expenses of foreign operations in hyper-inflationary economies are translated into US Dollars at the exchange rate relevant at the reporting date. Prior to translating their financial statements, the financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the reporting date.

13. EMPLOYEE BENEFITS

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered, such as paid vacation and sick leave, bonuses, and non-monetary benefits such as medical care and housing) are recognised in the period in which the service is rendered and are not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be measured reliably.

Post-employment benefits

The group operates a number of defined contribution and defined benefit funds in compliance with relevant local legislation. The assets of the funds are held separately from those of the group and are administered either by trustees, which include elected employee representatives, or in some cases, by independent experts.

The group does not provide post-retirement medical benefits for employees who joined the company after 1 June 1996. The obligation in respect of medical benefits to employees and pensioners employed before that date is treated as defined benefit plans.

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement plan.

For defined benefit plans the cost of providing the benefits is determined using the Projected Unit Credit Method. Actuarial valuations are conducted on a triennial basis, with interim valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to the reporting date where interim valuations are performed at an earlier date.

Actuarial gains and losses recognised outside profit or loss are presented in the statement of comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset or surplus is limited to the present value of available refunds and reductions in future contributions to the plan. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Termination benefits

Termination benefits are recognised as a liability and an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before normal retirement date. Termination benefits for voluntary redundancies are recognised if the group has made an offer encouraging voluntary redundancies, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Share-based payments

The group issues equity-settled share-based payments to certain employees. The Black Managers Trust (BMT) issues equity-settled shares to certain employees; however, in the event of death or disability of an employee, the settlement will be done in cash rather than equity; this component is therefore treated as cash-settled. The share appreciation plan (SAP), performance share plan (PSP) and Nampak 1985 share option scheme (the option scheme) are all treated as equity-settled schemes. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market vesting conditions, at the date of grant. The fair value at the grant date of the BMT equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest, excluding the effect of non-market vesting conditions. The expense for the SAP and PSP plans is recognised proportionately so that after the third year of the grant a participant will be entitled to a third of the shares, and after the fourth year another third, so that after five years the participant will be entitled to receive full rights under the plan.

Fair value is measured using various models as disclosed in the share based payment note. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of estimated forfeitures, exercise restrictions and behavioural considerations.

Grants issued to employees of subsidiaries are treated as equity-settled share-based payments, with the subsidiaries recognising a corresponding increase in equity as a contribution from parent. In the company annual financial statements, this contribution is treated as an investment in subsidiaries.

14. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial

statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Accounting policies continued

for the year ended 30 September 2011

15. PROPERTY, PLANT AND EQUIPMENT (continued)

All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and for qualifying assets, borrowing costs in accordance with the group's accounting policy are included in the carrying value of the asset. Costs also include an estimate of costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of property, plant and equipment have different useful lives or residual values, they are accounted for as separate items (major components).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method. Depreciation is not provided in respect of land.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The average rates of depreciation used are:

Freehold buildings	10 to 50 years
Leasehold buildings	Shorter of asset life or the lease term
Plant and equipment	2 to 20 years
Furniture and equipment	4 to 10 years
Motor vehicles	2 to 10 years

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they have changed.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready

for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

17. INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. The average rate of depreciation used is 10 to 50 years.

18. INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT COSTS

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- the product or process is technically feasible.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

19. INTANGIBLE ASSETS EXCLUDING GOODWILL

Included in intangible assets are patents, trademarks, capitalised research and development costs, ERP system costs and computer software costs.

Patents and trademarks are measured at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as the expense is incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads. Subsequent expenditure is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are stated at cost less accumulated amortisation and impairment losses and are amortised over their expected useful lives (three to nine years) on a straight-line basis.

20. IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate applied to post-tax cash flows that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which

case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

21. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

22. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Non-current financial assets

Non-current financial assets are recognised and de-recognised on a trade-date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned. They are initially measured at fair value plus directly attributable transaction costs.

Accounting policies continued

for the year ended 30 September 2011

22. FINANCIAL INSTRUMENTS (continued)

Non-current financial assets (continued)

At subsequent reporting dates, debt securities that the group has expressed intention or ability to hold to maturity (held-to-maturity securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Instruments other than held-to-maturity debt securities are classified as available-for-sale financial assets, and are measured at subsequent reporting dates at fair value. Unrealised gains and losses arising from the revaluation of available-for-sale financial assets are recognised directly in equity.

On disposal or impairment, cumulative unrealised gains and losses previously recognised are included in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is charged to the statement of comprehensive income. An impairment loss is measured as the difference between the investment's carrying value and the present value of future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and form an integral part of the daily cash management are also included in cash and cash equivalents.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured

at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group's activities expose it to the financial risks of changes in foreign exchange rates, interest rates and commodity prices.

The group uses derivative financial instruments, primarily foreign currency forward contracts, commodity futures and interest rate derivatives to hedge its risks associated with foreign currency and market fluctuations relating to certain firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the derivative is designated and effective as a hedging instrument.

The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

Fair value hedges

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other

comprehensive income. The ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gain or loss on the derivative that had previously been recognised in equity is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedge item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Embedded derivatives

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses in profit or loss.

23. PROVISIONS

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

24. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports that are regularly reviewed by the group's chief operating decision-maker in order to allocate resources to the segment and assess the segment's performance.

The basis of segmental allocation is determined as follows:

- **Revenue**
Revenue that can be directly attributed to a segment and the relevant portion of revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the group.
- **Trading profit**
Trading profit that can be directly attributed to a segment and a relevant portion of the profit that can be allocated on a reasonable basis to a segment, including profit relating to external customers and expenses relating to transactions with other segments in the group. Segment profits exclude profits that arise at a group level and relate to the group as a whole.
- **Segment assets**
Segment assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude tax assets, deferred tax assets, bank balances, deposits and cash.
- **Segment liabilities**
Segment liabilities are those liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude loans, borrowings and overdrafts, tax liabilities, deferred tax liabilities and the retirement benefit obligation.
- **Geographical information**
Geographical information for revenues to external customers and non-current assets are disclosed for the top five and top four countries respectively, with other countries grouped into rest of the world.

25. FINANCIAL GUARANTEES

The group regards financial guarantee contracts as insurance contracts and has used accounting applicable to insurance contracts. Liabilities in terms of the financial guarantees are only recognised when it is probable that economic benefits will flow from the group.

Accounting policies continued

for the year ended 30 September 2011

26. OFFSET

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off, and there is either an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

27. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CIRCULARS

The following standards and amendments to existing standards were effective for the current financial year, and impacted presentation and disclosure in the financial statements only:

- IFRS 7 *Financial Instruments: Disclosures (amendments)*

The amendments to the standard enhance the disclosures required in respect of fair value measurements and liquidity risk.

At the date of authorisation of these financial statements, the following standards, amendments to existing standards, and interpretations were in issue but not yet effective for the current year and have not been early adopted. These standards, amendments and interpretations will be effective for annual periods beginning after the dates listed below.

- IFRS 1 *First-time Adoption of International Financial Reporting Standards (amendments)*
The amendments provide for, among others, additional exemptions for entities ceasing to suffer from severe hyperinflation. Effective date: 1 July 2011.
- IFRS 7 *Financial Instruments: Disclosures (amendments)*
The amendment enhances disclosures about transfers of financial assets. Effective date: 1 July 2011.
- IFRS 9 *Financial Instruments: Classification and Measurement (new)*
The standard specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Effective date: 1 January 2013.

- IFRS 10 *Consolidated Financial Statements (new)*
This standard supercedes SIC-12 Consolidation – Special Purpose Entities. The standard aims to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. Effective date: 1 January 2013.
- IFRS 11 *Joint Arrangements (new)*
The standard supercedes SIC-13 Jointly Controlled Entities. The standard identifies types of joint arrangements by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. Effective date: 1 January 2013.
- IFRS 12 *Disclosure of Interests in Other Entities (new)*
IFRS 12 is required to be applied by an entity that has an interest in any of the following: subsidiaries, joint arrangements, associates and unconsolidated structured entities. The objective of IFRS 12 is to disclose information that enables the user to evaluate the nature of and risks associated with its interests in other entities and the effect of those interests on its financial position, financial performance and cash flows. Effective date: 1 January 2013.
- IFRS 13 *Fair Value Measurement (new)*
This standard defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. Effective date: 1 January 2013.
- IAS 1 *Presentation of Financial Statements (amendments)*
The amendments revise the way other comprehensive income is presented. Effective date: 1 July 2012.
- IAS 12 *Income Taxes (Recovery of Underlying Assets (amendment))*
The amendment provides a practical solution to the difficulty incurred when determining whether recovery of the carrying amount of an asset measured using the fair value model in IAS 40 *Investment Property* will be through use or sale, by introducing a presumption that the recovery of the carrying amount will normally be through sale. Effective date: 1 January 2012.

- *IAS 19 Employee Benefits (amendment)*
The amendments introduce changes in the recognition of net defined liability, enhanced disclosures about defined benefit plans, and modifies the accounting for termination benefits. Effective date: 1 January 2013.
- *IAS 24 Related Party Disclosures (revised)*
The revised version of this standard simplifies the disclosure for government-related entities and clarifies the definition of a related party. Effective date: 1 January 2011.
- *IAS 27 Consolidated and Separate Financial Statements (reissued)*
This standard has been reissued as *IAS 27 Separate Financial Statements* as a result of the issue of *IFRS 10 Consolidated Financial Statements*. This reissued statement sets the standards to be applied in accounting for investments in subsidiaries, joint ventures and associates, when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. Effective date: 1 January 2013.
- *IAS 28 Investments in Associates (reissued)*
This standard has been reissued as *IAS 28 Investments in Associates and Joint Ventures* as a result of the issue of *IFRS 11 Joint Arrangements*. The reissued statement prescribes the accounting for investments in associates, and sets out the requirements for application of the equity method when accounting for investments in associates and joint ventures. Effective date: 1 January 2013.
- *Improvements to IFRS (2010)*
In addition to the new standards, revisions and amendments to existing standards described above and several minor amendments to standards that were issued in May 2010 are effective for annual periods beginning on 1 October 2011.

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the results, financial position and cash flows of the group.

The following amendments/revisions to existing standards and interpretations were effective for the current financial year, but had no impact on these financial statements:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards (amendments)*
- *IFRS 2 Share-Based Payments (amendments)*
- *IFRS 3 Business Combinations (amendments)*
- *IFRS 5 Non-Current Assets Held For Sale and Discontinued Operations (amendment)*
- *IAS 7 Statement of Cash Flows (amendments)*
- *IAS 17 Leases (amendments)*
- *IAS 27 Consolidated and Separate Financial Statements (amendment)*
- *IAS 32 Financial instruments: Presentation (amendment)*
- *IAS 36 Impairment of Assets*
- *IAS 39 Financial instruments: Recognition and Measurement (amendments)*
- *IFRIC 13 Customer Loyalty Programmes (amendments)*
- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendments)*
- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

28. COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year. Details of these restatements have been included in the relevant notes to the annual financial statements.

Notes to the group financial statements

for the year ended 30 September 2011

1. FINANCIAL RISK MANAGEMENT

Capital risk management

The group manages its capital to ensure that entities in the group and the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to shareholders.

In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or buy back shares or sell assets to reduce debt.

The group monitors capital based on its gearing ratio and net debt to EBITDA ratio. These ratios are calculated as net debt divided by total capital and EBITDA respectively.

Financial risk management objectives

The group's corporate treasury provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The main risk areas to which the group is exposed are interest rates, liquidity, currency and commodity prices. The group has adopted the value-at-risk methodology for evaluating financial market risks. Selected derivative and non-derivative hedging instruments are used to hedge risks. Hedging instruments are used to cover risks that affect the group's cash flows and are not used for trading or speculative purposes.

To reduce credit risk, banking facilities are entered into only with leading financial institutions.

Treasury management, reporting to the chief financial officer, is responsible for considering and managing the group's day-to-day financial market risks by adopting strategies within the guidelines set by the audit committee as outlined in the treasury policy manual. Certain transactions require prior approval of the board of directors.

Compliance with policies and exposure limits are periodically reviewed by the internal auditors.

There has been no change to the group's and company's exposure to market risk or the manner in which these risks are managed and measured.

Interest rate risk management

Interest rate risk is the possibility that the group may suffer financial loss due to adverse movements in interest rates. The group is exposed to interest rate risks mainly in South Africa, the United Kingdom, Europe and Angola. To minimise the effects of interest rate fluctuations in these countries, the group manages the interest rate risk for net debt denominated in rands, pounds, euros and naira separately. The group uses swaps, options, forward rate agreements and other standard market instruments to manage this risk. Interest rate hedging activities are reviewed regularly to ensure compliance with acceptable risk tolerance levels.

The rand, pound, euro and naira risks are mainly managed on a floating rate basis using derivative instruments, where appropriate, to limit the effects of adverse movements in rates.

1. FINANCIAL RISK MANAGEMENT (continued)**Interest rate risk management (continued)**

The following interest rate derivatives were in place during the year:

	Start date	End date	Interest rate % nacq	Notional amount		Fair value	
				2011 R million	2010 R million	2011 R million	2010 R million
Interest rate swaption	01/02/2010	01/02/2011	7.20	–	200.0	–	(1.3)
Interest rate swaption	02/07/2010	02/07/2012	7.70	300.0	300.0	(6.6)	(8.2)
Collar	12/10/2009	12/10/2012	Floor 7.08 Cap 11.73	375.0	375.0	(7.5)	(7.5)
Collar	12/10/2009	12/10/2012	Floor 7.08 Cap 11.85	300.0	300.0	(6.0)	(6.0)
Interest rate swaption	30/06/2010	30/06/2011	8.50	–	500.0	–	(9.2)
						(20.1)	(32.2)

Interest rate swap contracts

Under interest rate swap contracts, the group and company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group and company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the year-end is determined by discounting the future cash flows using year-end curves and the credit risk inherent in the contract.

A swaption is a contract that gives the buyer of the contract the right, but not the obligation, to enter into a swap contract at a prespecified rate for a predetermined time period.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7 *Financial Instruments: Disclosures*.

Notes to the group financial statements continued

for the year ended 30 September 2011

1. FINANCIAL RISK MANAGEMENT (continued)

Interest rate swap contracts (continued)

The risk profile of interest-bearing financial assets and liabilities at 30 September:

	Floating rate liabilities R million	Fixed rate liabilities R million	Floating rate assets R million	Fixed rate assets R million	Net liability/ (asset) R million
South African rand	1 733.1	239.4 ¹	(460.5)	–	1 512.0
UK pound	45.9	–	(1 115.5)	–	(1 069.6)
Euro	–	–	(68.1)	–	(68.1)
Nigerian naira	10.2	–	(18.3)	–	(8.1)
Other currencies	4.3	–	(85.4)	–	(81.1)
Total at 30 September 2011	1 793.5	239.4	(1 747.8)	–	285.1
South African rand	1 955.1	248.6 ¹	(446.0)	–	1 757.7
UK pound	127.8	–	(454.9)	–	(327.1)
Euro	87.9	–	(74.8)	–	13.1
Nigerian naira	31.5	–	(40.7)	–	(9.2)
Other currencies	9.4	–	(36.3)	–	(26.9)
Total at 30 September 2010	2 211.7	248.6	(1 052.7)	–	1 407.6

¹These liabilities relate to Red Coral Investments 23 (Pty) Limited in the current and prior year.

	2011		2010	
	Bank balances	Borrowings	Bank balances	Borrowings
Weighted average interest rates are as follows:				
South African rand	5.2%	7.1%	6.4%	9.0%
UK pound	1.3%	1.4%	0.4%	1.3%
Euro	0.9%	1.8%	0.9%	1.3%
US dollar	0.2%	1.0%	0.1%	1.0%
Nigerian naira	0.1%	14.4%	1.0%	15.1%

Sensitivity analysis

If the market interest rates had been 100 basis points higher/lower at 30 September 2011, profit or loss would have been R17.9 million lower/higher (2010: R22.1 million).

The amount of R17.9 million (2010: R22.1 million) is calculated based on the assumption that the daily average weighted cost of borrowings was higher/lower by 100 basis points throughout the year and such rate was applied to the borrowings as at year end. This would not necessarily equate to the actual profit or loss as year-end borrowings do not reflect actual borrowings throughout the year.

Liquidity risk management

Liquidity risk is the possibility that the group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

1. FINANCIAL RISK MANAGEMENT (continued)**Liquidity risk management (continued)**

Significant liquid resources were held at year end. The group had the following undrawn facilities available at 30 September:

	South Africa R million	Europe R million	Africa R million	Total R million
Expiry period at 30 September 2011				
One year	2 195.0	–	26.4	2 221.4
Total	2 195.0	–	26.4	2 221.4
Expiry period at 30 September 2010				
One year	2 997.6	91.8	34.9	3 124.3
Two to five years	–	241.6	–	241.6
Total	2 997.6	333.4	34.9	3 365.9

In addition to the above, facilities of R750 million are available with a 48 hour notice period.

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 September was as follows:

	Notes	Carrying value R million	Current year R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	Over 4 years R million
At 30 September 2011							
Financial assets							
Non-current financial assets	8	338.8	–	26.1	13.7	43.2	255.8
Trade receivables and other current assets*	11	2 426.3	2 426.3	–	–	–	–
Bank balances, deposits and cash	12	1 450.8	1 450.8	–	–	–	–
Total		4 215.9	3 877.1	26.1	13.7	43.2	255.8
Financial liabilities							
Non-current loans and borrowings	15	1 358.7	–	18.3	510.9	1.9	827.6
Trade payables and other current liabilities	18	3 137.4	3 137.4	–	–	–	–
Bank overdrafts and loans	15	674.2	674.2	–	–	–	–
Total		5 170.3	3 811.6	18.3	510.9	1.9	827.6

*Prepayments are excluded from trade receivables and other current assets.

Notes to the group financial statements continued

for the year ended 30 September 2011

1. FINANCIAL RISK MANAGEMENT (continued)

Maturity profile of financial instruments (continued)

	Notes	Carrying value R million	Current year R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	Over 4 years R million
At 30 September 2010							
Financial assets							
Non-current financial assets	8	385.1	–	31.9	25.6	17.6	310.0
Trade receivables and other current assets*	11	2 608.9	2 608.9	–	–	–	–
Bank balances, deposits and cash	12	718.6	718.6	–	–	–	–
Assets classified as held for sale	13	82.4	82.4	–	–	–	–
Total		3 795.0	3 409.9	31.9	25.6	17.6	310.0
Financial liabilities							
Non-current loans and borrowings	15	1 631.0	–	16.5	1 009.0	2.9	602.6
Trade payables and other current liabilities	18	3 004.5	3 004.5	–	–	–	–
Bank overdrafts and loans	15	829.3	829.3	–	–	–	–
Liabilities associated with assets held for sale	13	78.4	78.4	–	–	–	–
Total		5 543.2	3 912.2	16.5	1 009.0	2.9	602.6

*Prepayments are excluded from trade receivables and other current assets.

Currency risk management

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rands. Risks from foreign currencies are hedged to the extent that they influence the group's cash flows.

The South African divisions have the greatest exposure to foreign currency risk and it is group policy that all foreign exchange exposures of the South African divisions are economically hedged. Net currency exposures and hedging positions are centrally controlled and managed for South African operations. The currency exposure of the group's European operations is centrally controlled and managed through the United Kingdom. Speculative positions are not permitted.

The group uses forward contracts in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. In South Africa, all large capital commitments where the forward exchange component is more than R30 million are required to be designated as a cash flow hedge. These hedges are tested for hedge effectiveness on a regular basis. In the current year, a gain on the fair value of FEC contracts amounting to R6.7 million (2010: R0.4 million loss) was taken to equity. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets. During the year there were no adjustments against the cost of assets (2010: R2.2 million).

1. FINANCIAL RISK MANAGEMENT (continued)

Currency risk management (continued)

	2011	2010
Currency conversion guide at 30 September		
Income Statement (average)		
UK pound	11.18	11.64
Euro	9.71	10.13
US dollar	6.96	7.47
Balance sheet (spot)		
UK pound	12.58	10.98
Euro	10.81	9.51
US dollar	8.04	6.98

Sensitivity analysis

The primary currency risk relates to movements in the exchange rates with the US dollar, UK pound and euro.

If the exchange rates with these currencies had weakened by 5% at 30 September 2011, with all other variables held constant, the impact on profit and loss for the year would have been an increase of R12.5 million (2010: R20.8 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit and loss would decrease by R12.5 million (2010: R20.8 million). A weaker exchange rate against the major currencies would have a positive impact on profit and loss as the group has more receivables denominated in foreign currency than payables.

In South Africa, all imports, exports and capital commitments are fully hedged once they are firm and ascertainable. The values of open forward contracts entered into at 30 September and their expected maturity profiles are:

	Average contract rate		Notional amount		Fair value	
	2011	2010	Net imports		Asset/(liability)	
			2011 R million	2010 R million	2011 R million	2010 R million
Fair value hedges						
US dollars						
Less than three months	7.24	7.42	(101.2)	(59.2)	20.7	(3.0)
Three to six months	7.36	7.51	(106.9)	(15.1)	15.2	(1.2)
Six to nine months	7.23	7.61	(5.1)	(79.1)	0.7	(2.7)
Greater than nine months	-	7.41	-	(30.6)	-	(0.3)
Euros						
Less than three months	10.30	9.72	(41.3)	(152.3)	13.5	(2.4)
Three to six months	10.68	9.75	(28.4)	(96.4)	3.2	(1.9)
Six to nine months	10.68	9.85	0.4	(8.9)	0.2	-
UK pounds						
Less than three months	11.72	11.10	0.1	(3.8)	1.3	-
Three to six months	11.46	12.07	(1.2)	(0.7)	0.1	-
Other						
Less than three months	-	-	(3.6)	(2.4)	0.1	-
Three to six months	-	-	(0.1)	(5.2)	-	0.1
					55.0	(11.4)

Notes to the group financial statements continued

for the year ended 30 September 2011

1. FINANCIAL RISK MANAGEMENT (continued)

Commodity price risk management

Commodity price risk is the risk that the group may suffer financial loss when a fluctuating price contract is entered into and commodity prices increase, or when a fixed price agreement is entered into and commodity prices fall. The group uses derivative instruments, including forward agreements and futures, to hedge commodity risk.

	Average contract rate		Notional amount		Fair value	
					Asset/(liability)	
	2011 R	2010 R	2011 R million	2010 R million	2011 R million	2010 R million
Fair value hedges						
Aluminium futures						
Less than three months	17 593	16 758	(17.7)	(16.4)	0.3	(0.4)
Three to six months	17 920	16 602	(11.7)	(13.1)	0.1	(0.1)
Six to nine months	18 310	16 602	(2.3)	(4.6)	–	0.1
					0.4	(0.4)

Sensitivity analysis

If commodity prices relevant to the group had been 5% higher and all other variables remained constant, profit for the year would have been R0.3 million higher (2010: R0.4 million higher). Conversely, if commodity prices relevant to the group had been 5% lower and all other variables remained constant, profit for the year would have been R0.3 million lower (2010: R0.4 million lower).

At year-end, the primary commodity exposure that the group had related to the purchase price of aluminium.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the group.

Potential concentrations of credit risk consist principally of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as trade debtors. The credit risk on liquid funds and derivative financial instruments is limited because the group's counterparties are major banks of high standing.

Trade debtors comprise a large, widespread customer base. Ongoing credit evaluations on the financial condition of customers are performed, taking into account financial position and past experience and, where appropriate, credit guarantee insurance cover is purchased or provisions made.

The group does not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for at the balance sheet date.

1. FINANCIAL RISK MANAGEMENT (continued)**Fair value of financial instruments**

The group's financial instruments consist mainly of investments, bank balances, deposits and cash, trade receivables and other financial assets, trade payables and other financial liabilities, interest-bearing borrowings and derivative financial instruments.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Investments – the fair value of investments is based on quoted bid prices, or the present value of expected future cash flows discounted at market-related interest rates.

Bank balances, deposits and cash – the carrying value approximates fair value due to the relatively short-term maturity of these financial assets.

Trade receivables and other financial assets – the fair value of receivables approximates the carrying value as market-related interest rates are charged on outstanding balances.

Trade payables and other financial liabilities – the carrying value approximates fair value due to the relatively short-term maturity of these financial liabilities.

Borrowings – the fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. The carrying value of short-term borrowings approximates fair value due to the short period to maturity of these instruments.

Derivative instruments – the fair value of derivative instruments is calculated using mark-to-market valuations.

The fair value of derivative financial instruments raised on the balance sheet is as follows:

	2011 R million	2010 R million
Asset/(liability)		
Interest rate swaps	(20.1)	(32.2)
Forward exchange contracts	55.0	(11.4)
Commodity contracts – aluminium futures	0.4	(0.4)
Total	35.3	(44.0)
Analysed between:		
Derivative financial assets (note 11)	55.4	0.2
Derivative financial liabilities (note 18)	(20.1)	(44.2)
	35.3	(44.0)

Notes to the group financial statements continued

for the year ended 30 September 2011

2. SEGMENTAL REPORT

	External revenue		Internal revenue		Trading profit*		Trading margin		EBITDA**	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million	2011 %	2010 %	2011 R million	2010 R million
South Africa	12 958.2	13 292.8	374.5	147.7	1 256.7	1 137.9	9.7	8.6	1 701.4	1 506.1
Metals and Glass	5 126.4	5 262.3	47.4	46.6	736.0	742.6	14.4	14.1	879.9	879.5
Paper and Flexibles	4 098.6	4 313.2	100.4	52.4	160.6	59.0	3.9	1.4	260.2	135.2
Plastics	2 114.4	2 142.3	10.8	10.5	230.8	151.9	10.9	7.1	371.4	257.3
Tissue	1 618.8	1 575.0	215.9	38.2	129.3	184.4	8.0	11.7	189.9	234.1
Rest of Africa	1 349.8	1 213.4	–	–	121.8	82.7	9.2	6.8	198.2	130.3
Metals	651.7	525.4	–	–	36.5	14.7	5.6	2.8	82.7	27.6
Paper	698.1	688.0	–	–	85.3	68.0	12.6	9.9	115.5	102.7
Europe	1 510.6	1 268.0	–	–	96.1	101.0	6.4	8.0	147.5	157.4
Plastics	1 510.6	1 268.0	–	–	96.1	101.0	6.4	8.0	147.5	157.4
Other segments	–	–	596.9	307.5	71.3	112.6	–	–	134.4	142.9
Eliminations	–	–	(971.4)	(455.2)	–	–	–	–	–	–
Continuing operations	15 818.6	15 774.2	–	–	1 545.9	1 434.2	9.8	9.1	2 181.5	1 936.7
Discontinued operations	1 112.9	2 771.3	–	–	35.1	109.0	3.2	3.9	(274.7)	226.4
Total	16 931.5	18 545.5	–	–	1 581.0	1 543.2	9.3	8.3	1 906.8	2 163.1

* Operating profit before abnormal items.

** EBITDA calculation is before net impairments/(reversals).

2. SEGMENTAL REPORT (continued)

Reconciliation of operating profit and trading profit:

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
Operating profit/(loss)	1 497.8	1 228.7	(317.3)	115.0	1 180.5	1 343.7
Abnormal losses/(gains)*						
Net impairment losses on investments, loans, plant, property and equipment, goodwill and other intangible assets	104.8	108.4	–	–	104.8	108.4
Retrenchment and restructuring costs	49.9	72.2	–	6.6	49.9	78.8
Share-based payment expense on BEE transaction	–	49.0	–	–	–	49.0
Net loss on disposal of businesses	5.4	2.9	352.4	–	357.8	2.9
Impairment of loans to non-controlling shareholders	0.2	1.9	–	–	0.2	1.9
Financial instruments fair value (gain)/loss	(71.4)	12.0	–	–	(71.4)	12.0
Net profit on disposal of property	(40.8)	(26.0)	–	(12.6)	(40.8)	(38.6)
Non-controlling shareholder loan waived	–	(14.9)	–	–	–	(14.9)
Trading profit	1 545.9	1 434.2	35.1	109.0	1 581.0	1 543.2

*Abnormal losses/(gains) are defined as losses or gains which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the period.

	Operating assets		Operating liabilities		Capital expenditure	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
South Africa	7 718.0	8 006.4	2 231.5	2 047.8	424.0	409.7
Metals and Glass	2 862.3	3 048.1	808.4	631.0	190.0	198.4
Paper and Flexibles	2 574.6	2 719.0	761.0	765.9	96.8	51.3
Plastics	1 245.7	1 267.5	358.5	352.4	103.1	84.6
Tissue	1 035.4	971.8	303.6	298.5	34.1	75.4
Rest of Africa	2 236.2	1 412.2	397.5	233.1	208.6	228.1
Metals	1 713.8	1 048.5	189.2	125.3	185.6	212.7
Paper	522.4	363.7	208.3	107.8	23.0	15.4
Europe	585.9	2 005.7	247.4	593.6	71.1	81.2
Paper	–	1 575.5	–	431.8	27.6	44.4
Plastics	585.9	430.2	247.4	161.8	43.5	36.8
Other segments	961.8	876.2	480.3	393.3	10.9	65.8
Eliminations	(71.0)	(226.4)	(137.1)	(37.9)	(38.4)	0.9
Total	11 430.9	12 074.1	3 219.6	3 229.9	676.2	785.7

Notes to the group financial statements continued

for the year ended 30 September 2011

2. SEGMENTAL REPORT (continued)

	Revenue to external customers*	
	2011 R million	2010 R million
Geographical information		
South Africa	11 238.8	11 294.1
UK	2 132.2	2 815.8
Europe (other Europe countries excluding UK)	498.5	1 265.7
Angola	380.7	454.7
Namibia	508.1	515.4
Rest of the world	2 173.2	2 199.8
	16 931.5	18 545.5

*Revenue is attributed to countries on the basis of the customer's location.

	Non-current assets**	
	2011 R million	2010 R million
Geographical information		
South Africa	4 407.2	4 678.0
UK	279.9	525.0
Europe (other Europe countries excluding UK)	–	591.7
Angola	1 066.2	677.2
Rest of the world	117.1	74.1
	5 870.4	6 546.0

**Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

2. SEGMENTAL REPORT (continued)

Operating segments are identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance by the group's chief operating decision maker, defined as the group executive committee. Reportable segments have been identified after applying the quantitative thresholds per IFRS 8, and after aggregating operating segments with similar economic characteristics.

The principal activities of the segments are as follows:

Metals and Glass – manufacture of beverage cans, food cans, aerosol cans, other metal packaging and glass packaging.

Paper and Flexibles – manufacture of corrugated boxes, folding cartons, tubs and tubes and a full range of flexible plastic products.

Plastics – manufacture of plastic bottles, crates and drums and checkout bags.

Tissue – manufacture of toilet tissue, diapers, and feminine hygiene products.

Other segments – head office activities, procurement, treasury and property services.

The differences between the measurements of the reportable segments' profit and losses and assets and liabilities, and the group's profit and losses and assets and liabilities are as follows:

Reportable segments' contributions to post-retirement medical aid funds and pension funds are expensed as and when incurred, while at group these funds are actuarially valued and accounted for as per the group accounting policy (refer to accounting policy note 13).

Reportable segments' account for profit and loss on close out of forward exchange contracts while at group forward exchange contracts are fair valued and the fair value adjustments are accounted for as per the group accounting policy (refer to accounting policy note 22).

There is no individual customer who contributes more than 10% to the group's total revenue.

Notes to the group financial statements continued

for the year ended 30 September 2011

	Freehold land and buildings R million	Leasehold buildings R million	Plant, equipment and vehicles R million	Capitalised leased plant and vehicles R million	Total property, plant and equipment R million	Investment properties R million
3. PROPERTY, PLANT AND EQUIPMENT						
Gross carrying amount						
At 1 October 2009	1 380.7	111.9	8 736.1	125.6	10 354.3	8.3
Additions	8.3	2.3	751.4	13.2	775.2	–
Transfer from equity on cash flow hedges	–	–	2.2	–	2.2	–
Interest capitalised	0.1	–	36.9	–	37.0	–
Disposals	(16.8)	(1.6)	(239.7)	(18.2)	(276.3)	(0.2)
Disposal of business	(2.1)	–	(58.5)	–	(60.6)	–
Impairment loss	–	(0.5)	(12.2)	–	(12.7)	–
Reversal of impairment loss	–	–	1.6	–	1.6	–
Reclassified to assets held for sale	(6.9)	–	(113.8)	–	(120.7)	–
Translation differences	(67.3)	(10.4)	(307.1)	(5.8)	(390.6)	–
Other movements	2.7	1.1	(8.6)	(0.1)	(4.9)	(2.7)
At 30 September 2010	1 298.7	102.8	8 788.3	114.7	10 304.5	5.4
Additions	13.2	200.4	455.2	3.4	672.2	–
Interest capitalised	–	–	37.1	–	37.1	–
Acquisition of business	–	–	32.0	–	32.0	–
Disposals	(15.7)	(0.4)	(109.8)	(4.7)	(130.6)	–
Disposal of business	(296.4)	(84.9)	(1 300.0)	(65.7)	(1 747.0)	–
Impairment loss	(0.8)	–	(44.9)	(0.1)	(45.8)	–
Reversal of impairment loss	–	0.3	3.9	–	4.2	–
Reclassified to assets held for sale	(21.6)	–	(1.3)	–	(22.9)	(1.1)
Translation differences	48.7	29.1	327.7	3.4	408.9	–
Other movements	2.6	(0.2)	(9.0)	(0.3)	(6.9)	–
At 30 September 2011	1 028.7	247.1	8 179.2	50.7	9 505.7	4.3

	Freehold land and buildings R million	Leasehold buildings R million	Plant, equipment and vehicles R million	Capitalised leased plant and vehicles R million	Total property, plant and equipment R million	Investment properties R million
3. PROPERTY, PLANT AND EQUIPMENT (continued)						
Accumulated depreciation						
At 1 October 2009	325.0	27.9	3 547.5	64.4	3 964.8	4.9
Depreciation charge for the year	30.5	5.1	595.5	12.0	643.1	0.5
Disposals	(6.4)	(1.5)	(189.1)	(12.4)	(209.4)	(0.2)
Disposal of business	(0.7)	–	(35.2)	–	(35.9)	–
Reclassified to assets held for sale	(2.2)	–	(45.4)	–	(47.6)	–
Translation differences	(16.0)	(2.9)	(186.3)	(3.8)	(209.0)	–
Other movements	1.9	–	(1.3)	0.1	0.7	(1.9)
At 30 September 2010	332.1	28.6	3 685.7	60.3	4 106.7	3.3
Depreciation charge for the year	26.1	8.0	560.4	8.6	603.1	(0.4)
Acquisition of business	–	–	0.1	–	0.1	–
Disposals	(5.5)	(0.4)	(83.6)	(3.0)	(92.5)	–
Disposal of business	(80.1)	(24.6)	(815.2)	(41.9)	(961.8)	–
Reclassified to assets held for sale	(3.1)	–	(0.2)	–	(3.3)	–
Translation differences	7.9	1.5	157.3	2.2	168.9	–
Other movements	–	0.1	(2.6)	0.7	(1.8)	0.4
At 30 September 2011	277.4	13.2	3 501.9	26.9	3 819.4	3.3
Net book value at 30 September 2011	751.3	233.9	4 677.3	23.8	5 686.3	1.0
Net book value at 30 September 2010	966.6	74.2	5 102.6	54.4	6 197.8	2.1

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
3. PROPERTY, PLANT AND EQUIPMENT (continued)		
The open market value of the group's properties was determined by The Property Partnership (independent valuers not connected to the group) in September 2010. These properties were valued by reference to market evidence of recent transactions for similar properties		
– Freehold land and buildings	1 581.7	1 810.2
– Investment properties	8.6	26.5
A schedule of the group's properties is available to users of the financial statements on receipt of a written request.		
Insured value of the plant, equipment and vehicles at 30 September	26 078.5	25 815.7
– South Africa	19 121.2	20 472.5
– Africa	2 829.6	2 764.0
– Europe	4 127.7	2 579.2
Refer to note 15 for details of property, plant and equipment encumbered.		
Property rental income earned by the group from its investment property under operating leases	0.3	1.5
Direct operating expenses relating to investment properties	–	0.8
Impairment losses have been recognised on certain plant and equipment where the carrying value exceeded the higher of value-in-use or fair value less cost to sell.		

	R million
4. GOODWILL	
Carrying amount	
At 1 October 2009	287.9
Disposal of business	(0.4)
Impairment loss	(31.5)
Translation differences	(3.1)
At 30 September 2010	252.9
Acquisition of business	0.1
Disposal of business	(35.4)
Impairment loss	(58.8)
Translation differences	2.0
At 30 September 2011	160.8

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination.

Impairment losses are reported in the "other operating expenses" line of the income statement.

4. GOODWILL (continued)

The allocation of goodwill by cash-generating unit is presented below:

	Cost R million	Cumulative impairment R million	Net carrying value R million
At 30 September 2011			
South Africa			
Metals	123.4	–	123.4
Rigids	60.1	60.1	–
Flexibles	53.5	19.5	34.0
Paper	21.4	21.4	–
Europe			
Plastics	0.1	–	0.1
Africa			
Metals	21.4	18.2	3.2
Other	0.1	–	0.1
	280.0	119.2	160.8
At 30 September 2010			
South Africa			
Metals	123.4	–	123.4
Rigids	60.1	22.8	37.3
Flexibles	53.5	19.5	34.0
Paper	44.3	22.9	21.4
Europe			
Healthcare	282.3	248.8	33.5
Paper	300.0	300.0	–
Africa			
Metals	21.4	18.2	3.2
Other	0.1	–	0.1
	885.1	632.2	252.9

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Notes to the group financial statements continued

for the year ended 30 September 2011

	South Africa %	Africa %	Europe %
4. GOODWILL (continued)			
The recoverable amounts of the CGUs are determined using value-in-use calculations. These calculations use cash flow projections based on the most recent financial budgets approved by management for the next five years. Cash flows beyond the five-year period are extrapolated using the growth rates below:			
Key assumptions used for value-in-use calculations			
2011			
Growth rate*	0.0	0.0	0.0
Discount rate (post-tax)	9.8	20.0	5.6
2010			
Growth rate*	0.0	0.0	0.0
Discount rate (post-tax)	9.5	20.0	6.9

*This is the growth rate used in the calculation of the termination value after the five-year management estimate of cash flows.

Management estimates discount rates using the post-tax average weighted cost of capital for the group, adjusted for risks associated with the geographical markets in which the CGUs operate. Growth rates are based on industry growth rate forecasts.

Goodwill of R0.1 million relating to the acquisition of FourFourTwo Limited (note 34.2) was acquired with effect 1 October 2010.

Goodwill of R35.4 million relating to Nampak Paper Holdings was disposed effective 28 February 2011.

Goodwill of R58.8 million relating to Tubes (R37.4 million) and Cartons and Labels (R21.4 million) was impaired during the year due to indications that this goodwill will not be recovered.

In the prior year, goodwill of R0.4 million relating to the group's shareholding in Cartonagens de Mocambique LDA, was disposed to the minority shareholder.

	ERP systems and software R million	Other R million	Total R million
5. OTHER INTANGIBLE ASSETS			
Cost			
At 1 October 2009	461.3	31.2	492.5
Additions	9.5	1.0	10.5
Disposals	(5.5)	(1.4)	(6.9)
Impairment loss	(3.0)	–	(3.0)
Translation differences	(3.2)	–	(3.2)
Other movements	6.6	1.3	7.9
At 30 September 2010	465.7	32.1	497.8
Additions	4.0	–	4.0
Disposals	(18.0)	–	(18.0)
Disposal of business	(29.6)	(0.2)	(29.8)
Reversal of impairment loss	1.6	–	1.6
Translation differences	1.3	–	1.3
Other movements	0.8	(0.1)	0.7
At 30 September 2011	425.8	31.8	457.6
Amortisation			
At 1 October 2009	363.7	27.3	391.0
Charge for the year	63.3	2.2	65.5
Disposals	(5.5)	(1.4)	(6.9)
Translation differences	(1.3)	–	(1.3)
Other movements	4.1	(2.8)	1.3
At 30 September 2010	424.3	25.3	449.6
Charge for the year	17.2	1.4	18.6
Disposals	(18.0)	–	(18.0)
Disposal of business	(15.4)	(0.2)	(15.6)
Translation differences	0.7	–	0.7
At 30 September 2011	408.8	26.5	435.3
Net carrying value at 30 September 2011	17.0	5.3	22.3
Net carrying value at 30 September 2010	41.4	6.8	48.2

Other intangible assets consist of patents, trademarks and licences.

The impairment loss reversal in the current year related to a provision that was reversed on the disposal of L & CP (note 13). The impairment loss of R3.0 million in the prior year relates to the group's ERP systems. A post-tax discount rate of 9.8% (2010: 9.5%) was applied to the future cash flows.

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
6. INVESTMENTS IN ASSOCIATES		
(Refer to Annexure A for details)		
Cost of investments in associates	6.3	6.3
Share of other post-acquisition reserves	1.3	2.3
Share of post-acquisition profit, net of dividend received	16.4	15.2
Opening balance	15.2	11.6
Share of current year profit	1.2	3.6
	24.0	23.8
The financial year-ends of Group Risk Holdings (Pty) Limited and Collect-a-Can (Pty) Limited are 30 September and 31 December respectively. The September management accounts were used to prepare the financial statements for consolidation purposes.		
The group has obligations in respect of losses from associates to the extent of the carrying value of the investment.		
Summarised financial information in respect of the group's associates is set out below:		
Revenue	254.3	201.9
Profit/(loss) for the year	2.6	4.4
Group's share of associates' profit/(loss) for the year	1.2	3.6
Total assets	348.6	342.7
Total liabilities	291.6	285.4
Net assets	57.0	57.3
Group's share of associates' net assets	24.0	23.8
7. INVESTMENTS IN JOINT VENTURES		
(Refer to Annexure A for details)		
The following amounts are included in the group's financial statements as a result of the proportionate consolidation of its joint ventures:		
Income	749.2	757.9
Expenses	701.9	709.3
Current assets	394.2	338.4
Non-current assets	407.5	423.8
Current liabilities	535.7	95.3
Non-current liabilities	105.1	537.9

The group's share of capital commitments from joint ventures is R215.4 million (2010: R78.8 million).

	2011 R million	2010 R million
8. OTHER NON-CURRENT FINANCIAL ASSETS		
Available-for-sale financial assets		
(Refer to Annexure B for details)		
Other investments	15.8	14.2
Impairment loss	(6.6)	(0.4)
	9.2	13.8
Loans and receivables		
Loans to minority shareholders and joint venture partners ¹	237.2	289.1
Non-current receivable on disposal of properties ²	11.7	11.7
Equipment sales receivables ³	58.7	71.1
Deferred consideration on disposal of business	22.5	26.1
Management retention bonuses	10.3	22.6
Other loans and receivables	31.5	28.4
Impairment loss	–	(38.8)
Total loans and receivables	371.9	410.2
Less: Amounts receivable within one year, reflected in trade receivables and other current assets (note 11)	42.3	38.9
Net non-current loans and receivables	329.6	371.3
Total	338.8	385.1

¹ The loans to the joint venture partners are unsecured. The first loan is repayable in 2015 and interest is charged at the South African prime rate. The second loan has no repayment date and interest is charged at the South African prime rate.

² The non-current receivable on disposal of properties relates to the mortgage loan to Nampak Wiegand Glass (Proprietary) Limited. The loan has a final repayment date in April 2015 and interest is charged at the South African prime rate less 2%.

³ Equipment sales receivables are repayable from 2012 to 2017. Interest is charged at the South African prime rate.

The fair value of all loans and receivables approximates cost and was calculated by discounting cash flows at a market-related interest rate.

Notes to the group financial statements continued

for the year ended 30 September 2011

9. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the group, and the movements thereon, during the current and prior reporting periods.

	Accele- rated tax depre- ciation R million	Provi- sions R million	Prepay- ments R million	Retire- ment benefit obliga- tion R million	Tax losses R million	Other R million	Total R million
At 1 October 2009	804.3	(149.9)	1.0	(347.4)	(312.7)	96.9	92.2
Credit to equity for the year	–	–	–	(34.5)	–	–	(34.5)
Charge/(credit) to profit for the year	20.8	(18.2)	1.4	(13.8)	168.3	23.8	182.3
Reclassified to non-current assets held for sale	9.7	–	–	–	0.7	–	10.4
Translation differences	(20.1)	0.1	–	6.5	2.3	0.8	(10.4)
At 30 September 2010	814.7	(168.0)	2.4	(389.2)	(141.4)	121.5	240.0
(Credit)/charge to equity for the year	–	–	–	(26.0)	–	47.1	21.1
Charge/(credit) to profit for the year	11.8	(6.4)	(0.8)	0.7	90.4	168.6	264.3
Disposal of subsidiaries	(64.1)	2.2	–	30.7	1.1	(43.8)	(73.9)
Translation differences	(7.1)	(2.2)	–	14.8	–	8.8	14.3
At 30 September 2011	755.3	(174.4)	1.6	(369.0)	(49.9)	302.2	465.8

	2011 R million	2010 R million
Analysed between:		
Deferred tax assets	24.5	46.9
Deferred tax liabilities	490.3	286.9
	465.8	240.0

At balance sheet date, the group had unused tax losses of R310.2 million (2010: R1 045.5 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R146.3 million (2010: R504.9 million) of such losses. No deferred tax asset has been recognised on the remaining R163.9 million (2010: R540.6 million) due to the unpredictability of future profit streams. There are no expiry dates on the tax losses.

In addition, the group had capital losses available for utilisation against future capital gains to the value of R35.4 million (2010: Nil). Deferred tax has been raised on the full amount.

	2011 R million	2010 R million
10. INVENTORIES		
Raw materials	1 290.7	902.4
Work in progress	198.8	210.0
Finished goods	815.4	865.3
Consumables	378.1	294.9
Total	2 683.0	2 272.6
Carrying amount of inventories included at net realisable value	17.4	55.9
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	0.1	2.5
Amount of reversals of previous inventory write-downs included in raw materials and consumables used	3.3	–
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS		
Trade receivables	2 131.7	2 453.1
Prepayments	88.5	88.4
Derivative financial instruments (note 1)	55.4	0.2
Current portion of loans and receivables (note 8)	42.3	38.9
Other	196.9	116.7
Total	2 514.8	2 697.3

The directors consider that the carrying amounts of trade receivables and other current assets approximate their fair values due to the short-term nature of these assets. The total amount receivable represents the maximum exposure to credit risk for trade receivables and other current assets, before any credit enhancements or collateral that may be held.

The average credit term on the sale of goods is 30 days. The group does not permit general provisions for doubtful debts based solely on the age of receivables. The allowance for doubtful debt is provided for on the basis of the estimated irrecoverable amounts from the sale of goods, determined by historical trend analysis for similar classes of receivables.

Included in the group's trade receivable balance are debtors with a carrying value of R278.0 million (2010: R315.3 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS (continued)		
Ageing of past due but not impaired trade receivables		
30 days and less	189.2	237.9
30 – 60 days	53.9	53.6
60 – 90 days	16.0	15.1
90 – 180+ days	18.9	8.7
Total	278.0	315.3
An allowance of R146.5 million (2010: R130.9 million) has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default.		
Analysis of the allowance for doubtful debts		
Balance at beginning of year	130.9	178.0
Impairment losses recognised on receivables	65.1	107.5
Amounts written off during the year	(7.3)	(75.0)
Impairment losses reversed	(46.4)	(74.7)
Translation differences	4.2	(4.9)
Balance at end of year	146.5	130.9
In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. With the exception of a few multinationals, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the board of directors believes that there is no further credit provision required in excess of the allowance for doubtful debts.		
The prior year impairment losses recognised on receivables have been restated for the effects of translation, which are shown separately this year.		
12. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	371.9	321.0
Short-term bank deposits	1 078.9	397.6
Total	1 450.8	718.6
South African rand	163.5	111.8
Foreign currencies	1 287.3	606.8
	1 450.8	718.6

	2011 R million	2010 R million
13. ASSETS HELD FOR SALE		
In the prior year, the Interpak, Disaki, L&CP and Tubs businesses were classified as held for sale. These businesses were disposed of during the year. The Interpak, Disaki and L & CP businesses were included in the South Africa paper and flexibles segment, while the Tubs business was included in the South Africa plastics segment, for segmental reporting purposes.		
Two properties in South Africa were also classified as held for sale in the prior year and were disposed of during the year. These properties were included in the Other segment for segmental reporting purposes.		
Assets classified as held for sale		
Property, plant and equipment	-	45.0
Deferred tax asset	-	8.3
Inventories	-	66.9
Trade receivables and other current assets	-	82.4
	-	202.6
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	78.4
	-	78.4

Notes to the group financial statements continued

for the year ended 30 September 2011

14. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

		Capital Reserves			
	Notes	Share capital R million	Share premium R million	Treasury shares R million	Share- based payments reserve R million
At 1 October 2009		35.6	246.4	(1 150.0)	292.0
Employee share option scheme:					
– value of employee services		–	–	–	54.3
– share grants exercised		–	–	–	(3.4)
– proceeds from shares issued		0.1	19.4	–	–
– share grants forfeited after vesting date		–	–	–	(2.4)
Share of associate's non-distributable reserves		–	–	–	–
Treasury shares sold		–	–	0.3	–
Currency translation differences		–	–	–	–
Release of reserves relating to subsidiary disposed		–	–	–	–
Loss on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Net actuarial loss		–	–	–	–
Profit for the year		–	–	–	–
Loss on available-for-sale financial assets		–	–	–	–
Dividends paid	27	–	–	–	–
At 30 September 2010		35.7	265.8	(1 149.7)	340.5
Employee share option scheme:					
– value of employee services		–	–	–	13.8
– share grants exercised		–	–	–	(5.2)
– proceeds from shares issued		0.1	32.6	–	–
– share grants forfeited after vesting date		–	–	–	(1.2)
Share of associate's non-distributable reserves		–	–	–	–
Currency translation differences		–	–	–	–
Cumulative translation gains reclassified to profit or loss on disposal of subsidiary		–	–	–	–
Cumulative reserves reclassified to retained earnings on disposal of subsidiary		–	–	–	–
Non-controlling interest realised on disposal of subsidiary		–	–	–	–
Buy-out of non-controlling interests in subsidiaries		–	–	–	–
Loss on cash flow hedges		–	–	–	–
Net actuarial loss		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	28	–	–	–	–
At 30 September 2011		35.8	298.4	(1 149.7)	347.9

Other reserves										
Foreign currency translation reserve R million	Hyper- inflation capital adjustment R million	Financial instruments hedging reserve R million	Recognised actuarial gains/ (losses) R million	Share of non- distribu- table reserves in associates R million	Available- for-sale financial assets revaluation reserve R million	Retained Other earnings R million R million		Total attributable of Nampak Limited R million	Non- controlling interest R million	Total equity R million
24.7	(24.3)	(1.9)	(346.4)	3.3	(38.9)	0.2	6 064.3	5 105.0	24.5	5 129.5
-	-	-	-	-	-	-	-	54.3	-	54.3
-	-	-	-	-	-	-	-	(3.4)	-	(3.4)
-	-	-	-	-	-	-	-	19.5	-	19.5
-	-	-	-	-	-	2.4	-	-	-	-
-	-	-	-	(1.0)	-	-	-	(1.0)	-	(1.0)
-	-	-	-	-	-	-	-	0.3	-	0.3
(230.2)	-	-	-	-	-	-	-	(230.2)	(4.1)	(234.3)
2.1	-	-	-	-	-	-	-	2.1	(1.6)	0.5
-	-	(0.4)	-	-	-	-	-	(0.4)	-	(0.4)
-	-	2.2	-	-	-	-	-	2.2	-	2.2
-	-	-	(145.2)	-	-	-	-	(145.2)	-	(145.2)
-	-	-	-	-	-	-	825.9	825.9	9.0	834.9
-	-	-	-	-	0.6	-	-	0.6	-	0.6
-	-	-	-	-	-	-	(288.9)	(288.9)	(0.3)	(289.2)
(203.4)	(24.3)	(0.1)	(491.6)	2.3	(38.3)	0.2	6 603.7	5 340.8	27.5	5 368.3
-	-	-	-	-	-	-	-	13.8	-	13.8
-	-	-	-	-	-	-	-	(5.2)	-	(5.2)
-	-	-	-	-	-	-	-	32.7	-	32.7
-	-	-	-	-	-	-	1.2	-	-	-
-	-	-	-	(1.0)	-	-	-	(1.0)	-	(1.0)
328.6	-	-	-	-	-	-	-	328.6	(6.6)	322.0
(1.6)	-	-	-	-	-	-	-	(1.6)	-	(1.6)
-	-	1.8	151.1	-	-	-	(152.9)	-	-	-
-	-	-	-	-	-	-	-	-	(1.6)	(1.6)
-	-	-	-	-	-	-	(1.8)	(1.8)	(32.0)	(33.8)
-	-	6.7	-	-	-	-	-	6.7	-	6.7
-	-	-	(64.9)	-	-	-	-	(64.9)	-	(64.9)
-	-	-	-	-	-	-	627.9	627.9	(25.3)	602.6
-	-	-	-	-	-	-	(542.9)	(542.9)	(0.2)	(543.1)
123.6	(24.3)	8.4	(405.4)	1.3	(38.3)	0.2	6 535.2	5 733.1	(38.2)	5 694.9

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
14. CAPITAL AND RESERVES (continued)		
Share capital and premium		
Authorised:		
776 857 200 (2010: 745 000 000) ordinary shares of 5 cents each	38.9	37.3
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 200 preferred ordinary shares of 5 cents each	–	1.6
100 redeemable preference shares of 5 cents each	–	–
Authorised share capital	39.9	39.9
Issued:		
695 198 725 (2010: 660 777 659) ordinary shares of 5 cents each	34.8	33.1
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 195 preferred ordinary shares of 5 cents each	–	1.6
Issued share capital	35.8	35.7
23 357 946 (2010: 24 999 638) ordinary shares have been set aside for employees' share schemes		
Share premium	298.4	265.8
Treasury shares	(1 149.7)	(1 149.7)
27 369 195 ordinary shares held by the Nampak Black Management Share Trust	(323.9)	(323.9)
31 857 195 ordinary shares held by Red Coral Investments 23 (Pty) Limited on behalf of broad-based participants in Nampak's Black Economic Empowerment scheme	(290.5)	–
31 857 195 preferred ordinary shares held by Red Coral Investments 23 (Pty) Limited on behalf of broad-based participants in Nampak's Black Economic Empowerment scheme	–	(290.5)
45 070 855 ordinary shares held by Nampak Products Limited	(535.3)	(535.3)
Share-based payments reserve	347.9	340.5
Capital reserves	(503.4)	(543.4)
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	660 777 659	659 264 090
Conversion and listing of 31 857 195 preferred ordinary shares into ordinary shares held by the company's BEE partner, Red Coral Investments 23 (Pty) Ltd	31 857 195	–
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme ("Option Scheme")	2 307 200	1 335 100
Ordinary shares allotted to a director in terms of the Option Scheme	25 000	–
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan ("PSP")	189 406	163 677
Ordinary shares allotted to a director in terms of the PSP	9 238	14 792
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited Share Appreciation Plan	33 027	–
Number of ordinary shares issued at end of year	695 198 725	660 777 659
Treasury shares	(104 297 245)	(72 440 050)
	590 901 480	588 337 609

14. CAPITAL AND RESERVES (continued)

Preferred ordinary shares

The 31 857 195 preferred ordinary shares allotted to Red Coral Investments 23 (Pty) Limited converted to 31 857 195 ordinary shares in February.

Preference shares

There were no changes to the issued 6.5% and 6% preference shares.

Treasury shares

Treasury shares represent Nampak Limited shares held by group subsidiary companies and consolidated special purpose entities.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hyperinflation capital adjustment

An entity whose functional currency is that of a hyperinflationary economy is required to restate its financial results so as to present a more comparable set of financial statements. The hyperinflation capital adjustment is used to show the hyperinflation effect on non-monetary reserves.

Financial instruments hedging reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions in terms of which risk of ownership has not yet passed.

Recognised actuarial gains/(losses)

Actuarial gains and losses comprise:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

The group policy is to recognise all actuarial gains/(losses) in the period in which they occur in other comprehensive income.

Share of non-distributable reserves in associates

Non-distributable reserves in associates arise out of associate companies being equity accounted. These reserves are not available for distribution by way of dividends.

Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Non-controlling interest

Non-controlling interest represents the value of the remaining ownership in the subsidiary investments that are not wholly owned by the group.

Notes to the group financial statements continued

for the year ended 30 September 2011

			2011 R million	2010 R million
15. LOANS AND BORROWINGS				
	“Redeemable/ repayable”	Year-end interest rates		
Secured loans ¹				
– local	2012 – 2016	7.4% to 8.1%	877.5	1 351.7
– foreign	2011	1.3% to 15.1%	–	103.6
Unsecured loans				
– local	2012 onwards	5.3% to 9.0%	237.5	250.5
– foreign	2013 – 2015	16.8%	2.6	7.6
Capitalised finance leases ²				
– local	2012 – 2017	6.2% to 10.6%	21.3	34.0
– foreign	2012 – 2015	8.7% to 18.8%	1.7	8.8
Non-recourse debt ³				
– local	2015	6.7% to 7.2%	239.4	248.6
			1 380.0	2 004.8
Less: instalments due for repayment within one year, reflected as current loans			21.3	373.8
Net non-current loans and borrowings			1 358.7	1 631.0
<p>¹ Loans and borrowings are secured by the following assets: R350.0 million (2010: R350 million) debt is secured by properties with a market value of 552.5 million.</p> <p>R527.5 million (2010: R1 015.7 million) debt is secured by guarantees issued by Nampak Limited. This facility is subject to covenants relating to interest cover, gearing and liquidity of the Nampak Limited group. The Nampak Limited Group was well within the covenant requirements throughout the year under review.</p> <p>No liabilities have been recognised for the outstanding guarantees.</p> <p>² Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. Interest rates are fixed at the contract date. The fair value of the group’s lease obligations approximates the carrying amount.</p> <p>³ The non-recourse debt relates to the preference share funding obtained by Red Coral Investments 23 (Pty) Limited to fund the purchase of preferred ordinary shares in Nampak Limited as part of the black economic empowerment transaction entered into in 2005. There is no recourse to Nampak Limited or any of its subsidiaries in respect of these borrowings. The debt is subject to covenants based on the Nampak share price. The original preference shares were redeemed on 1 August 2011. New preference shares were issued on 1 August 2011. The final redemption date for the preference shares is 3 October 2015.</p>				
Current loans				
Current portion of loans			10.0	110.4
Current portion of finance leases			11.3	14.8
Non-recourse debt			–	248.6
Bank overdrafts – unsecured			652.9	455.5
Total current loans and borrowings			674.2	829.3
Total borrowings			2 032.9	2 460.3

15. LOANS AND BORROWINGS (continued)

Summary of borrowings by year of redemption or payment

	Total	Local	Foreign
Total owing at 30 September 2011	1 380.0	1 375.7	4.3
2012	21.3	20.6	0.7
2013	18.3	17.0	1.3
Repayable during the year ending 30 September			
2014	510.9	509.8	1.1
2015	1.9	0.9	1.0
2016 onwards	827.6	827.4	0.2

Included above are minimum lease payments due on capitalised finance leases by year of redemption or payment:

Total owing at 30 September 2011	23.0	21.3	1.7
2012	11.3	10.6	0.7
Minimum lease payments repayable during the year ending 30 September			
2013	7.2	6.8	0.4
2014	2.5	2.2	0.3
2015	1.0	0.9	0.1
2016 onwards	1.0	0.8	0.2

	2011 R million	2010 R million
16. OTHER NON-CURRENT LIABILITIES		
Fixed escalation operating lease accrual		
Operating lease liabilities	9.3	13.0
Less: Current portion	1.6	8.6
	7.7	4.4
Non-current portion of provisions	-	11.4
Total other non-current liabilities	7.7	15.8

The operating leases relate to land and buildings with remaining terms from 2012 to 2016.

Notes to the group financial statements continued

for the year ended 30 September 2011

17. RETIREMENT BENEFIT INFORMATION

17.1 Defined contribution funds

Membership and costs for each fund are as follows:

	Country	Members		Contribution costs	
		2011	2010	2011 R million	2010 R million
Nampak Group Pension Fund*	RSA	1 808	1 767	70.8	69.1
Nampak Provident Fund*	RSA	7 550	7 154	113.4	105.0
Nampak (KPL) Provident Fund*	RSA	304	332	7.3	8.3
Nampak Kenya Limited Provident Fund	Kenya	173	173	0.3	0.3
Nampak Kenya Limited Staff Pension and Life Assurance Scheme	Kenya	38	38	0.6	0.6
Nampak Nigeria plc Retirement Gratuity	Nigeria	146	155	0.4	(0.3)
Nampak Nigeria plc Pension Funds	Nigeria	291	291	0.5	0.5
Nampak Cartons Stakeholder Pension Plan	UK	–	184	–	3.3
Nampak Plastics Group Personal Pension Plan	UK	223	245	6.0	8.0
M.Y. Group Stakeholder Pension Plan	UK	–	300	–	6.3
		10 533	10 639	199.3	201.1
External Funds					
External Funds	Europe and Africa	661	657	2.4	4.8
Industry Funds	RSA	1 253	1 385	9.3	15.1
		1 914	2 042	11.7	19.9
Totals		12 447	12 681	211.0	221.0

*These funds are governed by the Pension Funds Act No. 24 of 1956.

17.2 Defined benefit funds

The principal assumptions used for the purpose of the actuarial valuations were as follows:

2011	Pension plans		Post-retirement medical
	South Africa	Europe	
Assumptions			
Discount rate	9.1%	5.3%	8.3%
Consumer price inflation (long-term)	5.0%	3.1%	5.9%
Expected return on funds' assets	9.1%	6.2%	8.3%
Rate of compensation increase	8.5%	3.9%	–
Pension increase	5.2%	3.0%	–
Rate of medical inflation	–	–	6.5%
Healthcare cost trend	–	–	6.5%
Membership data			
Total membership	40	1 975	3 924
Agreed employer contribution rate	18.6%	0.0%	–

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

2010	Pension plans		Post-retirement medical
	South Africa	Europe	
Assumptions			
Discount rate	9.0%	5.0%	8.1%
Consumer price inflation (long-term)	4.8%	3.2%	5.7%
Expected return on funds' assets	9.0%	6.2%	8.1%
Rate of compensation increase	6.3%	2.0%	–
Pension increase	4.3%	3.0%	–
Rate of medical inflation	–	–	6.2%
Healthcare cost trend	–	–	6.2%
Membership data			
Total membership	52	2 936	4 231
Agreed employer contribution rate	18.6%	17.6%*	–
* The employer contribution rate relates to the Nampak Pension Plan and the Nampak Staff Pension Plan. The M.Y. Group Pension Fund has a fixed contribution rate of £1.3 million per year.			
The major categories of plan assets as a percentage of total plan assets are as follows:			
2011			
Equity instruments	62.5%	24.5%	–
Debt instruments	32.5%	42.1%	–
Diversified growth fund	–	33.1%	–
Property	5.0%	–	–
Cash	–	0.3%	100.0%
2010			
Equity instruments	62.5%	27.9%	–
Debt instruments	32.5%	6.8%	–
Diversified growth fund	–	29.2%	–
Insured pensioner's policy	–	31.7%	–
Property	5.0%	2.9%	–
Cash	–	1.5%	100.0%

Notes to the group financial statements continued

for the year ended 30 September 2011

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

The amounts recognised in the statement of financial position are as follows:

	Pension funds		Post-retirement medical R million	Total R million
	South Africa R million	Europe R million		
2011				
Valuation results				
Fair value of plan assets	(36.2)	(926.7)	(34.1)	(997.0)
Present value of benefit obligations	38.2	1 122.3	1 197.0	2 357.5
Net liability in the statement of financial position	2.0	195.6	1 162.9	1 360.5
2010				
Valuation results				
Fair value of plan assets	(27.3)	(1 240.6)	(67.6)	(1 335.5)
Present value of benefit obligations	31.6	1 636.0	1 072.4	2 740.0
Net liability in the statement of financial position	4.3	395.4	1 004.8	1 404.5
The amounts recognised in the income statement are as follows:				
2011				
Current service cost	0.8	–	16.6	17.4
Interest cost	2.9	51.8	85.8	140.5
Expected return on plan assets	(2.6)	(51.3)	(3.8)	(57.7)
Total	1.1	0.5	98.6	100.2
Actual return on plan assets	(7.1)	19.0	(7.2)	4.7
Net actuarial (gain)/loss taken to equity	(1.8)	(24.1)	116.8	90.9
2010				
Current service cost	0.5	0.2	16.2	16.9
Interest cost	2.1	80.9	88.7	171.7
Expected return on plan assets	(2.0)	(77.8)	(5.7)	(85.5)
Total	0.6	3.3	99.2	103.1
Actual return on plan assets	(7.8)	(121.7)	(7.1)	(136.6)
Net actuarial loss taken to equity	3.4	154.2	22.1	179.7

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

Changes in the fair value of plan assets are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	R million	
At 1 October 2009	21.7	1 233.8	65.2	1 320.7
Expected return	2.0	77.8	5.7	85.5
Actuarial gains/(losses)	5.8	43.9	1.4	51.1
Contributions by employers	1.0	49.0	–	50.0
Contributions by members	0.4	0.1	–	0.5
Translation difference on foreign plans	–	(112.2)	–	(112.2)
Benefits paid	(3.6)	(51.8)	(4.7)	(60.1)
At 30 September 2010	27.3	1 240.6	67.6	1 335.5
Expected return	2.6	51.3	3.8	57.7
Actuarial gains/(losses)	4.5	(70.4)	3.4	(62.5)
Contributions by employers	1.5	32.4	–	33.9
Contributions by members	0.3	–	–	0.3
Translation difference on foreign plans	–	117.1	–	117.1
Disposal of business	–	(421.3)	–	(421.3)
Benefits paid	–	(23.0)	(5.1)	(28.1)
Settlements	–	–	(35.6)	(35.6)
At 30 September 2011	36.2	926.7	34.1	997.0
Changes in the present value of the defined benefit obligation are as follows:				
At 1 October 2009	23.0	1 546.9	997.0	2 566.9
Service cost	0.5	0.2	16.2	16.9
Interest cost	2.1	80.9	88.7	171.7
Actuarial losses/(gains)	9.2	198.1	23.5	230.8
Contributions by members	0.4	0.1	–	0.5
Translation difference on foreign plans	–	(138.4)	–	(138.4)
Benefits paid	(3.6)	(51.8)	(53.0)	(108.4)
At 30 September 2010	31.6	1 636.0	1 072.4	2 740.0
Service cost	0.8	–	16.6	17.4
Interest cost	2.9	51.8	85.8	140.5
Actuarial losses/(gains)	2.6	(94.5)	120.3	28.4
Contributions by members	0.3	–	–	0.3
Translation difference on foreign plans	–	155.1	–	155.1
Disposal of business	–	(603.1)	–	(603.1)
Benefits paid	–	(23.0)	(62.5)	(85.5)
Settlements	–	–	(35.6)	(35.6)
At 30 September 2011	38.2	1 122.3	1 197.0	2 357.5
Expected contributions to defined benefit plans in 2012	3.1	36.5	–	39.6

The total unfunded pension liability is R1.9 million (2010: R4.1 million) and the unfunded post-retirement medical liability is R1 197 million (2010: R1 029 million).

Notes to the group financial statements continued

for the year ended 30 September 2011

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

The history of the plans for the current and prior years is as follows:

	2011 R million	Defined benefit pension plans			
		2010 R million	2009 R million	2008 R million	2007 R million
Fair value of plan assets	962.9	1 267.9	1 255.5	1 435.1	1 474.5
Present value of benefit obligations	(1 160.5)	(1 667.6)	(1 569.9)	(1 653.5)	(1 655.0)
Deficit	(197.6)	(399.7)	(314.4)	(218.4)	(180.5)
Experience adjustments on plan liabilities	0.1%	0.1%	(5.4%)	2.9%	–
Experience adjustments on plan assets	3.5%	3.6%	(0.2%)	(17.2%)	5.6%
	2011 R million	Post-retirement medical			
	2011 R million	2010 R million	2009 R million	2008 R million	2007 R million
Fair value of plan assets	34.1	67.6	65.2	60.2	366.5
Present value of benefit obligations	(1 197.0)	(1 072.4)	(997.0)	(970.9)	(751.1)
Deficit	(1 162.9)	(1 004.8)	(931.8)	(910.7)	(384.6)
Experience adjustments on plan liabilities	0.4%	4.6%	0.2%	(2.8%)	2.7%
Experience adjustments on plan assets	2.3%	2.3%	7.4%	(5.4%)	(4.1%)

Post-retirement medical plans

Assumed healthcare cost trends have a significant effect on the amounts recognised in the income statement. The effect of a one percentage point change in assumed healthcare cost trend rates would be as follows:

	One % point increase R million	One % point decrease R million
Effect on aggregate of the service costs and interest cost	140.6	96.9
Effect on defined benefit obligation	1 384.5	1 054.5

The statutory actuarial valuations of the defined benefit funds are as follows:	Valuation date	Next valuation date	Fair value of assets R million	Fair value of liabilities R million	Valuation basis R million
Nampak Group Pension Fund*	2010/02/28	2013/02/28	2 905.4	2603.1	AA
Nampak plc Pension Plan	2010/04/05	2013/04/05	484.6	565.4	MFR
Nampak plc Staff Pension Plan	2010/04/05	2013/04/05	350.1	416.2	MFR
Nampak Post-retirement Medical Aid Fund	2009/09/30	2012/09/30	–	957.3	PUC
Malbak Post-retirement Medical Aid Fund	2009/09/30	2012/09/30	65.2	46.0	PUC

AA: attained age MFR: minimum funding requirements PUC: projected unit credit

*This fund is governed by the Pension Funds Act No. 24 of 1956.

The latest actuarial valuations in respect of the defined benefit funds found them in sound financial condition. In arriving at their findings, the actuaries have taken into account reasonable long-term estimates of inflation, future increases in wages, salaries and pensions and sustainable investment returns. Funds denominated in foreign currency have been translated at the rate ruling on the balance sheet date.

The valuations listed above are not necessarily the valuations used in determining the surplus or obligation recognised on the balance sheet.

	2011 R million	2010 R million
18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables	1 565.7	1 368.0
Accruals	1 330.5	1 387.5
Derivative financial instruments (note 1)	20.1	44.2
Cash settled share-based payments	1.0	1.0
Other	220.1	203.8
Total	3 137.4	3 004.5

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amounts of trade payables and other current liabilities approximates their fair values.

19. PROVISIONS

	Restructuring R million	Customer claims R million	Decom- missioning costs R million	Other R million	Total R million
At 1 October 2009	80.6	35.3	3.9	22.6	142.4
Additions	70.2	11.0	0.3	1.8	83.3
Usage	(30.1)	(5.7)	–	(8.9)	(44.7)
Reversals	(10.4)	(13.1)	–	(6.2)	(29.7)
Translation differences	(4.5)	(2.4)	(0.4)	(1.8)	(9.1)
Other	0.6	(0.3)	–	0.1	0.4
At 30 September 2010	106.4	24.8	3.8	7.6	142.6
Additions	31.4	29.0	–	14.3	74.7
Usage	(79.9)	(4.3)	–	–	(84.2)
Reversals	(24.5)	(11.1)	–	–	(35.6)
Disposal of business	(9.9)	(2.0)	(4.1)	(7.9)	(23.9)
Translation differences	1.1	(1.0)	0.2	0.3	0.6
Other	–	0.1	0.1	0.1	0.3
At 30 September 2011	24.6	35.5	–	14.4	74.5

	2011 R million	2010 R million
Analysed as:		
Current	74.5	131.2
Non-current (Note 16)	–	11.4
	74.5	142.6

Restructuring

Provisions for restructuring are recognised when the group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditures which are necessarily entailed by the restructuring and are not associated with the ongoing activities of the group.

Customer claims

Amounts expected to be payable under customer claims in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Decommissioning costs

Decommissioning costs are provided when there is a legal or environmental obligation for the group to restore the site.

Other

These provisions mainly relate to onerous leases on property and are expected to be utilised in the next 12 months

Notes to the group financial statements continued

for the year ended 30 September 2011

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
20. REVENUE						
Sale of goods	15 687.9	15 659.8	1 112.9	2 771.3	16 800.8	18 431.1
Rendering of services	12.5	13.3	–	–	12.5	13.3
Other	118.2	101.1	–	–	118.2	101.1
	15 818.6	15 774.2	1 112.9	2 771.3	16 931.5	18 545.5
21. OPERATING PROFIT						
Operating profit is stated after taking into account the following items:						
21.1 Cost of goods sold	10 563.1	11 988.2	572.3	1 409.9	11 135.4	13 398.1
21.2 Included in employee benefit expense						
Retrenchment costs	29.6	60.2	–	6.1	29.6	66.3
Defined benefit plan expense	99.0	98.7	1.2	4.4	100.2	103.1
Share-based payment expense on BEE transaction	–	49.0	–	–	–	49.0
Other share-based payment expenses/(reversals)	13.8	5.3	–	–	13.8	5.3
21.3 Depreciation and amortisation consists of:						
Investment properties	(0.4)	0.5	–	–	(0.4)	0.5
Freehold and leasehold buildings	30.2	25.4	3.9	10.2	34.1	35.6
Plant, equipment and vehicles	532.0	509.9	37.0	97.6	569.0	607.5
Intangible assets	16.9	61.9	1.7	3.6	18.6	65.5
	578.7	597.7	42.6	111.4	621.3	709.1
21.4 Included in other operating expenses and income						
Auditors' remuneration						
Audit fees	16.3	18.5	1.8	4.2	18.1	22.7
Expenses	0.5	0.5	–	–	0.5	0.5
Tax services	0.5	1.3	0.7	0.9	1.2	2.2
Other services	1.1	1.9	0.2	0.3	1.3	2.2
	18.4	22.2	2.7	5.4	21.1	27.6

21. OPERATING PROFIT (continued)

21.4 Included in other operating expenses and income (continued)

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
Impairments						
Freehold and leasehold buildings	0.8	0.5	–	–	0.8	0.5
Plant and equipment	45.0	12.2	–	–	45.0	12.2
Assets classified as held for sale	–	63.3	–	–	–	63.3
Goodwill	58.8	31.5	–	–	58.8	31.5
Intangible assets	–	3.0	–	–	–	3.0
Loans to non-controlling shareholders	0.2	1.9	–	–	0.2	1.9
Loan to subsidiary disposed in prior year	0.2	–	–	–	0.2	–
Other investments	5.8	–	–	–	5.8	–
	110.8	112.4	–	–	110.8	112.4
Reversal of impairments						
Freehold and leasehold buildings	(0.3)	–	–	–	(0.3)	–
Plant and equipment	(3.9)	(1.6)	–	–	(3.9)	(1.6)
Intangible assets	(1.6)	–	–	–	(1.6)	–
Investments	–	(0.5)	–	–	–	(0.5)
Total	(5.8)	(2.1)	–	–	(5.8)	(2.1)
Rentals in respect of operating leases			–	–		
Property	101.8	100.6	4.6	11.3	106.4	111.9
Plant, equipment and vehicles	5.1	8.7	1.5	4.9	6.6	13.6
Total	106.9	109.3	6.1	16.2	113.0	125.5

Notes to the group financial statements continued

for the year ended 30 September 2011

21. OPERATING PROFIT (continued)

21.4 Included in other operating expenses and income (continued)

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
Non-controlling shareholder loan waived	-	(14.9)	-	-	-	(14.9)
Administration and technical fees	30.6	15.5	0.3	0.8	30.9	16.3
Selling expenses	61.6	53.8	1.4	4.8	63.0	58.6
Distribution expenses	694.2	671.4	62.8	154.6	757.0	826.0
Research and development expenditure	7.6	8.5	29.8	27.1	37.4	35.6
Loss on disposal of businesses	5.4	2.9	352.4	-	357.8	2.9
Restructuring costs	20.3	11.9	-	0.6	20.3	12.5
Government grants received	(0.3)	-	(0.5)	(1.2)	(0.8)	(1.2)
Net loss on foreign exchange	33.1	65.9	1.5	1.0	34.6	66.9
Financial instruments fair value (gain)/loss	(71.4)	12.0	-	-	(71.4)	12.0
Net profit on disposal of property	(40.8)	(26.0)	-	(12.6)	(40.8)	(38.6)
Net loss/(profit) on disposal of plant and equipment	7.4	15.2	-	(0.5)	7.4	14.7

21. OPERATING PROFIT (continued)

21.5 Directors and prescribed officers' remuneration

	2011		2010	
	Total remuneration R million	Gains made under the share schemes R million	Total remuneration R million	Gains made under the share schemes R million
Non-executive directors				
RC Andersen	0.4	–	0.4	–
T Evans	–	–	0.7	–
RJ Khoza	0.2	–	0.1	–
PM Madi	0.4	–	0.3	–
TT Mboweni	1.2	–	0.4	–
VN Magwentshu	0.2	–	–	–
DC Moephuli	0.2	–	0.1	–
KM Mokoape	–	–	0.0	–
CWN Molope	0.4	–	0.3	–
ML Ndllovu	–	–	0.0	–
RV Smither	0.4	–	0.4	–
PM Surgey	0.5	–	0.3	–
MH Visser	–	–	0.1	–
	3.9	–	3.1	–
Executive directors				
AB Marshall	10.9	–	10.5	–
G Griffiths	6.2	–	5.9	–
FV Tshiqi	4.3	0.5	3.9	0.3
	21.4	0.5	20.3	0.3
Prescribed officers				
CH Bromley	4.2	–	3.9	0.3
PA de Weerd	4.9	–	3.9	0.3
RG Morris	4.8	–	4.3	0.3
SE Msane	4.2	–	4.0	–
ZK Nzimande	2.8	–	3.5	–
NP O'Brien	3.6	–	3.3	0.2
	24.5	–	22.9	1.1
	49.8	–	46.3	1.4
Included in the above:				
Company contributions to retirement funds	2.3	–	2.0	–
Paid by the company	24.0	–	22.0	–
Paid by the subsidiary companies	25.8	–	24.3	–

The contributions to retirement funds were made in respect of past directors and prescribed officers. Full details of total remuneration is included in the remuneration report.

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
22. SHARE-BASED PAYMENTS		
All share schemes are classified as equity-settled schemes.		
Share-based payment expenses recognised		
On BEE transaction:		
Black Management Trust	–	49.0
On other share plans:	13.8	5.3
Performance share plan	6.3	3.0
Share appreciation plan	5.3	1.9
Deferred bonus plan	2.2	0.4
Total	13.8	54.3

BEE transaction:

Black Management Trust (BMT)

Overview

During 2005, the group issued 27 369 195 ordinary shares to the BMT as part of its black economic empowerment (BEE) transaction at a market value of R15.13 per share. The remuneration and nominations committee is responsible for allocating rights to the BMT shares to participants. Participation in the BMT was open to all the group's black managers in South Africa up to 30 September 2010. The final allocation to black managers was made on 30 September 2010. All shares have vested as at 30 September 2010. There was no expense in the current year.

Details of the share grants outstanding during the year is as follows:

2011

Allocation date	30 September 2010	1 April 2010	1 October 2009	1 April 2009
Outstanding at 30 September 2011	1 830 309	4 256 666	1 728 330	2 028 327
2010				
Outstanding at beginning of year	–	–	–	2 364 994
Granted during the year	1 830 309	4 420 666	1 843 330	–
Deaths during the year	–	–	–	–
Retirements during the year	–	–	(6 667)	(10 001)
Resignations during the year	–	(164 000)	(108 333)	(326 666)
Outstanding at end of year	1 830 309	4 256 666	1 728 330	2 028 327

The calculated fair values and significant inputs into the valuation models were as follows:

Allocation date	30 September 2010	1 April 2010	1 October 2009	1 April 2009
Weighted average exercise price ¹	19.7	19.1	18.5	17.8
Weighted average fair value	3.7	3.4	2.1	1.3
Expected volatility ²	30.29%	29.42%	28.41%	28.23%

¹ These numbers were the starting points for the calculation of the exercise prices used in the model. The exercise prices will fluctuate, depending on deemed interest accrued at 85% of the prime interest rate and dividends paid to the trust.

² Volatility was calculated using the EWMA methodology. This approach estimates the volatility by applying more weight to recent data.

The risk-free rate used in the model was sourced from the Bond Exchange of South Africa. The ZAR zero coupon swap curve as at each valuation was used. A dividend yield of 4.5% was used in the model. The scheme has an expected life of 10 years.

22. SHARE-BASED PAYMENTS (continued)**Vesting conditions**

The trust deeds indicate that a “permitted employee event” is when death, disablement, retirement or retrenchment occurs in relation to a beneficiary. All other terminations are regarded as “non-permitted employee events”.

In the case of a permitted employee event, if the termination date due to such an event occurred after 30 September 2006 but on or before 30 September 2008, 1.4% of the beneficiaries’ shares would vest for each completed month of employment between 30 September 2006 and the termination date.

Beneficiaries who ceased to be employed by the Nampak group through a non-permitted employee event between the initial allocation and 30 September 2010 would have forfeited all their rights under the BMT.

In the case of a permitted employee event, all rights under the BMT would be forfeited if the termination date occurred before 30 September 2008. If the termination date occurred between 30 September 2008 and 30 September 2010, rights would be proportionately forfeited so that after 30 September 2010, the beneficiary will be entitled to receive full rights under the BMT.

In the event of death or disability of a beneficiary, the total number of shares vested will be calculated by means of a pre-determined formula. This benefit will be paid out in cash and is therefore treated as a cash-settled benefit.

Beneficiaries may not dispose of their rights until the end of a ten-year lock-in period on 31 December 2015.

1 October 2008	31 March 2008	30 September 2007	30 June 2007	31 March 2007	30 September 2006	31 March 2006	15 December 2005
896 483	3 047 640	640 000	1 685 000	1 210 477	510 000	643 400	8 892 563
1 019 816	3 472 640	700 000	1 885 000	1 210 477	540 000	663 400	9 539 230
–	–	–	–	–	–	–	–
(5 000)	–	–	–	–	–	–	(5 000)
–	(20 000)	–	(5 000)	–	–	(5 000)	(91 667)
(118 333)	(405 000)	(60 000)	(195 000)	–	(30 000)	(15 000)	(550 000)
896 483	3 047 640	640 000	1 685 000	1 210 477	510 000	643 400	8 892 563
1 October 2008	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
17.5	16.6	16.4	16.3	15.9	15.7	15.3	15.4
2.1	4.3	7.7	6.7	7.2	4.5	3.7	2.6
26.74%	33.43%	31.40%	25.50%	26.20%	25.00%	24.70%	23.50%

The fair value of rights allocated was calculated using a Monte Carlo simulation, and this expense is being amortised over the vesting period of the shares.

Notes to the group financial statements continued

for the year ended 30 September 2011

22. SHARE-BASED PAYMENTS (continued)

Other share plans:

Performance share plan and share appreciation plan

Overview

During July 2006 the group adopted two share-based payment plans, the performance share plan (PSP) and the share appreciation plan (SAP).

Participation in the performance share plan is restricted to senior executives and executive directors, while participation in the share appreciation plan is restricted to senior management and executive directors. Participation in both plans is subject to approval by the remuneration and nominations committee.

Both the PSP and SAP allocations are allocated on condition that certain performance criteria will be satisfied during the specific performance period for the allocation concerned.

Allocation date	Performance period
Performance share plan	
01 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011
04 December 2009	01/10/2009 – 30/09/2012
03 February 2010	03/02/2010 – 03/02/2013
14 December 2010	01/10/2010 – 30/09/2013
17 March 2011	01/10/2010 – 30/09/2013
Share appreciation plan	
01 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011
04 December 2009	01/10/2009 – 30/09/2012
14 December 2010	01/10/2010 – 30/09/2013

¹ The Total shareholder Return (TSR) criteria are based on Nampak's TSR compared to the TSR of constituent companies of the ALSI 40, excluding mining and resource companies.

² The non-market condition is based on an improvement in Nampak's annual headline earnings per share relative to the cumulative CPI within the performance period.

For both the second and third allocations of the performance share plan 50% of shares will be subject to the TSR condition and 50% will be subject to the headline earnings per share condition.

Performance below the threshold performance criteria will result in no shares/share appreciation rights vesting. If the target performance criteria is met, 100% of the shares/share appreciation rights will vest proportionately between the third and fifth year of the grant so that after five years the participants will be entitled to receive full rights under the scheme.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of shares/share appreciation rights capable of vesting will not be forfeited; however, they will be adjusted according to the lesser of the date of termination and 36 months. Termination of employment, other than listed above, prior to the expiry of three years from the allocation date will forfeit their allocated shares/share appreciation rights. Termination of employment after the expiry of the three years from allocation date will result in shares/share appreciation rights vesting proportionately between the third and fifth year from the allocation date.

Nampak 1985 Share Option Scheme (The option scheme)**Overview**

The option scheme has been discontinued.

Participants who cease to be employed by the Nampak group, other than through retirement, within the first three years after the allocation of such rights, will forfeit all their rights in the option scheme. Between the third and the fifth year of the grant, such rights will be proportionately forfeited so that after five years the beneficiary will be entitled to receive full rights under the option scheme.

Vesting conditions

A summary of the PSP and SAP is tabled below, detailing the various allocations as well as the performance criteria to be met during the performance period:

TSR Criteria ¹		HEPS condition ²		Vesting		
Ranking compared to ALSI 40 constituent companies		Non-market condition		Performance below threshold criteria	Performance below target criteria above threshold	Performance at or above target criteria
Threshold	Target	Threshold	Target			
25	1	–	CPI + 2%	No vesting	No vesting	100%
25	1	CPI + 15%	CPI + 45%	No vesting	Proportional vesting	100%
25	1	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
25	1	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
n/a	n/a	CPI + 6%	CPI + 6%	No vesting	n/a	100%
CPI + 9%	CPI + 24%	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
–	–	CPI + 2%	CPI + 6%	No vesting	Proportional vesting	100%
–	–	–	CPI + 6%	No vesting	No vesting	100%
–	–	–	CPI + 6%	No vesting	No vesting	100%
–	–	–	CPI + 6%	No vesting	No vesting	100%
–	–	–	CPI + 6%	No vesting	No vesting	100%

Notes to the group financial statements continued

for the year ended 30 September 2011

22. SHARE-BASED PAYMENTS (continued)

Other share plans:

Details of the share grants/share rights/share options outstanding during the year are as follows:

	Performance share plan							1 July 2006
	Share grants							
	17 March 2011	14 December 2010	3 February 2010	15 December 2009	10 December 2008	10 December 2007		
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	
2011								
Outstanding at beginning of year	-	-	150 000	691 066	1 311 452	813 825	158 358	
Granted during the year	55 000	1 044 500	-	-	-	-	-	
Forfeited during the year	-	-	-	-	-	(32 842)	-	
Retirements during the year	-	-	-	-	-	-	-	
Exercised during the year	-	-	-	-	-	-	(158 358)	
Lapsed during the year as a result of non-market condition	-	-	-	-	-	(351 246)	-	
Lapsed during the year as a result of market conditions	-	-	-	-	-	(351 246)	-	
Outstanding at end of year	55 000	1 044 500	150 000	691 066	1 311 452	78 491	-	

Exercisable at end of year
Share grants/rights outstanding at
the end of the year have the
following expiry dates:

Expiry date – year ending
30 September

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

For the PSP the fair value of the performance shares allocated was calculated using the Binomial Tree methodology. At the end of the financial year ending 30 September 2011 it is expected that only the performance criterion relating to the TSR condition will be met. The TSR market condition has been built into the fair market value of the shares allocated and has been expensed for the financial year ending 30 September 2011.

For the SAP the fair value of the share rights allocated was calculated using the Black-Scholes framework. An early exercise factor of 2 was estimated at the time of performing the valuation; this was determined per grade by reviewing the historic exercise behaviour of participants of the old Nampak share scheme as a ratio of exercise price to grant price. This expense should be amortised over the vesting period of the shares; however, at the end of the financial year ending 30 September 2011 it is not expected that the performance criterion will be met and no expense was recognised in the current year.

Share appreciation plan Share rights										1985 Share Option Scheme Share options	
14 December 2010		04 December 2009		10 December 2008		10 December 2007		1 July 2006		Allocations after 7 November 2002	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
		639 315	16.16	2 710 565	12.60	2 525 458	22.10	1 068 525	17.08	2 116 800	13.34
4 081 700	23.00	-	-	-	-	-	-	-	-	-	-
(238 050)	23.00	-	-	(120 000)	12.60	-	-	(40 666)	17.08	-	-
-	-	-	-	(8 333)	12.60	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(56 999)	-	(815 200)	13.65
-	-	-	-	-	-	(2 525 458)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
3 843 650	23.00	639 315	16.16	2 582 232	12.60	-	22.10	970 860	17.08	1 301 600	13.15
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	108 200	-
-	-	-	-	-	-	-	-	-	-	808 400	-
-	-	-	-	-	-	-	-	-	-	385 000	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	323 620	-	-	-
-	-	-	-	-	-	-	-	323 620	-	-	-
-	-	-	-	860 744	-	-	-	323 620	-	-	-
-	-	213 105	-	860 744	-	-	-	-	-	-	-
1 281 217	-	213 105	-	860 744	-	-	-	-	-	-	-
1 281 217	-	213 105	-	-	-	-	-	-	-	-	-
1 281 216	-	-	-	-	-	-	-	-	-	-	-

Notes to the group financial statements continued

for the year ended 30 September 2011

22. SHARE BASED PAYMENTS (continued)

Other share plans: (continued)

	Performance share plan				
	Share grants				
	3 February 2010	15 December 2009	10 December 2008	10 December 2007	1 July 2006
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards
2010					
Outstanding at beginning of year			1 398 054	830 613	331 340
Granted during the year	150 000	691 066	-	-	-
Forfeited during the year	-	-	-	-	-
Retirements during the year	-	-	(86 602)	(16 788)	-
Exercised during the year	-	-	-	-	(172 982)
Lapsed during the year as a result of non-market conditions	-	-	-	-	-
Lapsed during the year as a result of market conditions	-	-	-	-	-
Outstanding at end of year	150 000	691 066	1 311 452	813 825	158 358
Exercisable at end of year	-	-	-	-	-
Share grants/rights outstanding at the end of the year have the following expiry dates:					
Expiry date – year ending					
30 September					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					

04 December 2009		Share appreciation plan Share rights 10 December 2008		10 December 2007		1 July 2006		1985 Share Option Scheme Share options Allocations after 7 November 2002	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
-	-	2 812 357	12.60	2 629 263	22.10	1 086 192	17.08	2 630 200	13.35
639 315	16.16	-	-	-	-	-	-	-	-
-	-	(85 000)	12.60	(85 000)	22.10	(17 667)	17.08	-	-
-	-	(16 792)	12.60	(18 805)	22.10	-	-	(513 400)	13.31
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
639 315	16.16	2 710 565	12.60	2 525 458	22.10	1 068 525	17.08	2 116 800	13.34
						724 128		2 116 800	
-	-	-	-	-	-	-	-	108 200	-
-	-	-	-	-	-	-	-	1 215 300	-
-	-	-	-	-	-	-	-	793 300	-
-	-	-	-	-	-	356 175	-	-	-
-	-	-	-	841 819	-	356 175	-	-	-
-	-	903 522	-	841 819	-	356 175	-	-	-
213 105	-	903 522	-	841 820	-	-	-	-	-
213 105	-	903 521	-	-	-	-	-	-	-
213 105	-	-	-	-	-	-	-	-	-

Notes to the group financial statements continued

for the year ended 30 September 2011

22. SHARE-BASED PAYMENTS (continued)

Deferred bonus plan

During February 2010 the group adopted the deferred bonus plan.

Participation in the plan is limited to executive directors of the group and its divisions. Participants were entitled to use a pre-determined percentage of their annual bonus after tax to purchase shares (bonus shares) in Nampak Limited.

A matching award, which is based on the number of bonus shares acquired and still held at the vesting date, is made to all participants. For example, if 100 bonus shares were acquired and are still held at the vesting date, the matching award will consist of 100 matching shares.

The participants are the owners of the bonus shares from date of acquisition and have all shareholder rights in respect of the bonus shares from this date. Participants are entitled to withdraw from the plan and dispose of their shares at any time, but this will impact their ability to receive matching shares.

The calculated fair values and significant inputs into the valuation models were as follows:

	PSP allocations						
	17 March 2011	14 December 2010	3 February 2010	15 December 2009	10 December 2008	10 December 2007	1 July 2006
Weighted average exercise price	–	–	–	–	–	–	–
Weighted average fair value	9.10	10.84	13.67	9.61	5.51	1	6.95
Expected volatility	20.5%	24.0%	25.9%	25.9%	26.0%	24.4%	37.1%
Expected life	5 years	5 years	3 years	5 years	5 years	5 years	5 years
Remaining life	4.4 years	4.2 years	1.3 years	3.2 years	2.2 years	1.2 years	0 years
Risk-free rate	7.8%	6.8%	7.8%	8.3%	8.8%	8.6%	7.1%
Expected dividend yield	6.0%	6.0%	4.5%	4.5%	4.5%	4.2%	5.6%

¹ Value of the TSR condition is R10.63.

² The fair value was determined by calculating a weighted average of the fair values per grade.

Expected volatility was determined with reference to historical volatility. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of forfeitures, exercise restrictions and behavioural considerations.

The matching award will vest at the end of the deferred bonus plan period (DBP period) on the vesting date, provided that the bonus shares are still held and the participant is still employed by the group.

Participants have no rights in respect of matching shares until after the vesting date.

262 110 bonus shares were purchased during the current financial year. This will result in 262 110 matching shares being allocated on the vesting date. 18 643 shares were forfeited during the current year.

14 December 2010	SAP allocations				1 July 2006	The option scheme	Deferred bonus plan	
	4 December 2009	10 December 2008	10 December 2007	22 February 2010			15 December 2010	
23.0	16.2	12.6	22.1	17.1	13.3	–	–	
5.13 ²	5.37 ²	4.87 ²	5.01 ²	6.89	5.25	14.50	22.84	
28.3%	31.0%	34.0%	26.0%	37.1%	23.4%	–	–	
5 years	10 years	10 years	10 years	5 years	10 years	3 years	3 years	
4. years	8.8 years	7.8 years	6.2 years	0. years	2.1 years	1.2 years	1.2 years	
7.7%	8.3%	8.8%	7.8%	7.1%	8.3%	–	–	
6.0%	4.5%	4.5%	7.2%	5.6%	3.2%	4.5%	6.0%	

Notes to the group financial statements continued

for the year ended 30 September 2011

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
23. FINANCE COSTS						
Interest paid – short-term facilities	108.4	226.9	4.2	12.6	112.6	239.5
Interest paid – long-term facilities	100.2	56.6	0.2	–	100.4	56.6
Interest paid – other	–	0.1	–	0.8	–	0.9
Less: Interest capitalised	(37.1)	(37.0)	–	–	(37.1)	(37.0)
	171.5	246.6	4.4	13.4	175.9	260.0
Borrowing costs included in the cost of qualifying assets are calculated by applying a capitalisation rate of 7.38% (2010: 9.22%) to expenditure on those assets.						
24. FINANCE INCOME						
Interest received – short-term facilities	14.8	7.5	0.1	0.2	14.9	7.7
Interest received – joint ventures	21.1	26.3	–	–	21.1	26.3
Interest received – other	15.7	22.4	–	1.0	15.7	23.4
	51.6	56.2	0.1	1.2	51.7	57.4
25. INCOME FROM INVESTMENTS						
Normal dividends	11.1	6.0	–	–	11.1	6.0
26. INCOME TAX						
Current tax						
– current year	128.1	83.0	8.7	13.4	136.8	96.4
– prior year	(0.8)	(1.9)	1.1	1.6	0.3	(0.3)
– capital gains tax	0.2	0.4	–	–	0.2	0.4
Deferred tax						
– current year	247.3	200.1	(0.3)	(12.0)	247.0	188.1
– prior year	17.5	(46.2)	–	46.8	17.5	0.6
– change in tax rate	(0.2)	(2.9)	–	(3.4)	(0.2)	(6.3)
– capital gains tax	–	(0.1)	–	–	–	(0.1)
Secondary tax on companies	57.6	33.5	–	–	57.6	33.5
Withholding and foreign tax	6.8	3.5	–	–	6.8	3.5
Total	456.5	269.4	9.5	46.4	466.0	315.8

The company tax rate in South Africa is 28% (2010: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

	Continuing operations		Discontinued operations		Total	
	2011	2010	2011	2010	2011	2010
26. INCOME TAX (continued)						
Reconciliation of rate of tax						
Effective group rate of tax %	32.8	25.7	(3.0)	45.1	43.6	27.4
Reduction in tax rate due to:						
– exempt income (including capital profits) %	2.0	(0.4)	–	26.7	2.8	2.0
– government incentives %	1.2	2.1	–	–	1.6	1.9
– deferred tax assets created %	1.9	2.2	–	–	2.4	2.0
– tax rate reduction %	–	0.3	–	3.3	–	0.6
– tax rate differential %	3.0	1.3	–	–	3.9	1.2
– lump sum pension contributions claimed %	–	1.3	–	–	–	1.2
Increase in tax rate due to:						
– adjustment for prior year %	(1.2)	4.6	0.3	(47.1)	(1.7)	–
– deferred taxation not recognised %	(1.4)	(0.6)	–	–	(1.8)	(0.6)
– disallowable expenses %	(4.0)	(2.9)	30.7	–	(14.7)	(2.4)
– disallowed impairments %	(1.2)	(0.8)	–	–	(1.5)	(0.8)
– secondary tax on companies %	(4.1)	(3.2)	–	–	(5.4)	(2.9)
– share-based payment expense %	(0.3)	(1.3)	–	–	(0.4)	(1.3)
– withholding taxes %	(0.7)	(0.3)	–	–	(0.8)	(0.3)
Normal tax rate %	28.0	28.0	28.0	28.0	28.0	28.0

In addition to the income tax expense charge to profit or loss, a deferred tax debit of R21.1 million (2010: R34.5 million credit) has been recognised in equity during the year.

Notes to the group financial statements continued

for the year ended 30 September 2011

27. DISCONTINUED OPERATION

Effective 28 February 2011, the operations of Nampak Paper Holdings were sold in line with the group's strategy to focus on core operations and emerging markets. The results of these operations were previously reported in the Europe Paper segment for segmental reporting purposes and have been classified as discontinued operations. The only material change to the total assets as disclosed for the year ended 30 September 2010 arose as a result of this transaction.

The results of the discontinued operations included in the statement of comprehensive income are set out below. The comparative (loss)/profit and cash flows from the discontinued operations have been re-represented to include the operations classified as discontinued in the current period.

	2011 R million	2010 R million
(Loss)/profit for the year from discontinued operations		
Revenue	1 112.9	2 771.3
Expenses	(1 082.1)	(2 668.5)
Profit before tax	30.8	102.8
Attributable income tax expense	9.5	46.4
	21.3	56.4
Loss on disposal of operations	(352.4)	–
(Loss)/profit for the period from discontinued operations	(331.1)	56.4
Cash flows from discontinued operations		
Net cash flows from operating activities	(13.5)	121.2
Net cash flows from investing activities	(40.5)	37.7
Net cash flows from financing activities	23.2	(148.1)
Net cash flows	(30.8)	10.8

	2011 R million	2010 R million
28. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Final dividend No 77 paid on 17 January 2011: 58.0 cents per share (2010: No 75 – 24.0 cents per share)	383.6	158.4
Interim dividend No 78 paid on 11 July 2011: 34.0 cents per share (2010: No 76 – 25.0 cents per share)	236.1	165.1
Dividend attributable to treasury shares	(77.5)	(35.5)
	542.2	288.0
Other dividends	0.9	1.2
Total dividends	543.1	289.2
Secondary tax on companies (STC) on dividends	10.0%	10.0%
On 23 November 2011, the directors declared a dividend No 79 of 30.5 cents per share, and a cash distribution No 8 of 43.5 cents per share payable on 23 January 2012 to shareholders registered on the record date, being Friday 20 January 2012.		
	Cents	Cents
Analysis of dividends/cash distributions declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	34.0	25.0
Final	30.5	58.0
Cash distribution per ordinary share		
Final	43.5	–
	108.0	83.0
6.5% and 6% cumulative preference dividends		
Preference dividends totalling R0.1 million (2010: R0.1 million) were declared on 22 November 2010 and 23 June 2011, and paid on 31 January 2011 and 1 August 2011 respectively.		

Notes to the group financial statements continued

for the year ended 30 September 2011

29. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
Determination of basic earnings						
Profit attributable to equity holders of the company for the year	959.0	769.5	(331.1)	56.4	627.9	825.9
Less: Preference dividend	(0.1)	(0.1)	–	–	(0.1)	(0.1)
Basic earnings	958.9	769.4	(331.1)	56.4	627.8	825.8
Weighted average number of shares in issue ('000)	589 550	587 782	589 550	587 782	589 550	587 782
Earnings per share	162.6	130.9	(56.1)	9.6	106.5	140.5
Diluted earnings per share						
The diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.						
Earnings are adjusted by the dividend paid to preference share funders.						
Determination of diluted earnings						
Basic earnings	958.9	769.4	(331.1)	56.4	627.8	825.8
Dividend paid to preference share funders	14.0	22.0	–	–	14.0	22.0
Diluted earnings	972.9	791.4	(331.1)	56.4	641.8	847.8
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	618 170	610 574	618 170	610 574	618 170	610 574
Weighted average number of ordinary shares for the purpose of basic earnings per share	589 550	587 782	589 550	587 782	589 550	587 782
Effect of dilutive potential ordinary shares:						
Preferred ordinary shares issued to Red Coral Investments 23 (Pty) Limited ('000)	20 582	17 245	20 582	17 245	20 582	17 245
Other share incentive plans ('000)	8 038	5 547	8 038	5 547	8 038	5 547
Diluted earnings per share	157.4	129.6	(53.6)	9.3	103.8	138.9

29. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE (continued)

	Continuing operations		Discontinued operations		Total	
	2011 R million	2010 R million	2011 R million	2010 R million	2011 R million	2010 R million
Headline earnings per share						
Determination of headline earnings						
Basic earnings	958.9	769.4	(331.1)	56.4	627.8	825.8
Adjusted for:						
Net impairment losses on goodwill, property, plant and equipment and other intangible assets	99.0	107.1	–	–	99.0	107.1
Net loss on disposal of businesses and other investments	5.4	2.9	352.4	–	357.8	2.9
Net profit on disposal of property, plant, equipment and intangible assets	(33.4)	(10.8)	–	(13.1)	(33.4)	(23.9)
Tax effects and non-controlling interest	(13.4)	(31.9)	–	(0.1)	(13.4)	(32.0)
Headline earnings for the year	1 016.5	836.7	21.3	43.2	1 037.8	879.9
Weighted average number of shares in issue ('000)	589 550	587 782	589 550	587 782	589 550	587 782
Headline earnings per share (cents)	172.4	142.3	3.6	7.4	176.0	149.7
Diluted headline earnings per share						
Determination of diluted headline earnings						
Headline earnings	1 016.5	836.7	21.3	43.2	1 037.8	879.9
Dividend paid to preference share funders	14.0	22.0	–	–	14.0	22.0
Diluted headline earnings for the year	1 030.5	858.7	21.3	43.2	1 051.8	901.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	618 170	610 574	618 170	610 574	618 170	610 574
Diluted headline earnings per share (cents)	166.7	140.6	3.4	7.1	170.1	147.7

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
30. OPERATING LEASE COMMITMENTS		
The group has certain lease commitments in respect of land and buildings, plant, equipment and vehicles, which are payable as follows:		
Year ending 30 September		
2011	–	89.2
2012	89.1	70.4
2013	68.0	45.9
2014	45.6	31.0
2015	37.1	69.6
2016 and beyond	30.3	–
Total	270.1	306.1
<i>Comprising:</i>		
Land and buildings	201.5	232.0
Vehicles	31.0	26.2
Other	37.6	47.9
	270.1	306.1
31. CONTINGENT LIABILITIES		
Guarantees in respect of property leases	4.5	3.1
Customer claims and other	3.5	2.4
Tax contingent liability	72.2	–
Total	80.2	5.5
Subsequent to year-end, the Malawi Revenue Authority issued additional assessments for the 2001 to 2010 years of assessment on Packaging Industries Malawi Limited relating to transfer pricing to the value of R16.9 million with penalties and interest of R55.3 million. No provision has been raised as management believes that the matter is highly defensible. The timing of the resolution of the matter is uncertain.		
32. CAPITAL COMMITMENTS		
Capital commitments for acquisition of property, plant and equipment		
– contracted	356.4	304.8
– approved	187.4	177.5
Total	543.8	482.3
The group's share of capital commitments for property, plant and equipment of its jointly controlled entities is:	215.4	78.8
33. POST-BALANCE SHEET EVENTS		
In line with the group's strategy to grow its core businesses, the group has acquired, with effect from 1 October, the remaining 50% interest in Nampak Wiegand Glass (Pty) Limited which is held by Wiegand Glass (SA) (Pty) Limited. The transaction is subject to approval by the Competition authorities		

	2011 R million	2010 R million
34. RELATED PARTY TRANSACTIONS		
Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions for these transactions are determined on an arm's length basis.		
Disclosure in respect of associates and joint ventures is provided in notes 6 and 7. Details of joint ventures and associates are detailed in Annexure A.		
Material related party transactions were as follows:		
Sales and services rendered to related parties:		
Associates	22.0	23.3
Joint ventures	2.2	0.8
	24.2	24.1
Purchases and services received from related parties:		
Contributions to the Nampak Medical Aid Society in respect of current employees	85.9	84.3
Interest received from related parties:		
Joint ventures	21.1	26.3
Interest paid to related parties:		
Joint ventures	7.4	6.2
Joint venture partner	18.4	23.2
	25.8	29.4
Amounts owing (after eliminating intercompany balances) by related parties are disclosed in the respective notes to the financial statements for those balance sheet items.		
Amounts receivable from related parties:		
Loans to joint ventures	248.9	262.0
Amounts payable to related parties:		
Loans from joint venture partner	237.2	250.3

Notes to the group financial statements continued

for the year ended 30 September 2011

34. RELATED PARTY TRANSACTIONS (continued)

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly (executive or otherwise). Key management personnel have been defined as the board of directors of the holding company and the group executive committee.

A number of key management personnel hold positions in related entities where they may have significant influence over the financial and operating policies of those entities. These relationships have been listed below:

Key management member	Entity	Position in entity
RC Andersen	Murray & Roberts Holdings Limited	Non-executive chairman
	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
RJ Khoza	Nedbank Group Limited	Non-executive chairman
	Aka Capital (Pty) Limited	Executive chairman
CWN Molope	Red Coral Investments 23 (Pty) Limited	Shareholder
PM Surgey	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
FV Tshiqi	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Employer trustee (chairman)
NP O'Brien	Nampak Group Pension Fund	Employer trustee

Transactions between the group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Related party transactions include:

a) Except for the dividends paid to preferred ordinary shareholders in Red Coral, which have been eliminated at group level, there were no other transactions with Red Coral.

Certain non-executive directors of the group are also non-executive directors of other public companies which may transact with the group. Executive directors or the chairpersons of such companies are assumed to have significant influence. Except as disclosed above, the relevant individuals do not believe that they have significant influence over the financial and operating policies of those companies.

Compensation relating to key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 R million	2010 R million
Short-term employee benefits	46.0	48.3
Post-employment benefits	0.2	0.2
Share-based payments	9.1	5.8
	55.3	54.3

The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.

Shareholders

An analysis of major shareholders is provided on pages 12 and 13.

	2011 September	2010 September
35. NOTES TO THE CASH FLOW STATEMENTS		
35.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	1 068.6	1 150.7
Continuing operations	1 390.2	1 047.9
Discontinued operations	(321.6)	102.8
Adjustment for:		
Depreciation and amortisation	621.3	709.1
Net loss/(profit) on disposal of businesses, property, plant, equipment and intangible assets	324.4	(21.0)
Financial instruments fair value adjustment	(71.4)	12.0
Income from investments	(11.1)	(6.0)
Net defined benefit plan expense	100.2	103.1
Impairment losses	110.8	112.4
Reversal of impairment losses	(5.8)	(2.1)
Non-controlling shareholder loan waived	-	(14.9)
Share of profit in associates	(1.2)	(3.6)
Share-based payments expense	13.8	54.3
Net finance costs	124.2	202.6
Operating profit before working capital changes	2 273.8	2 296.6
(Increase)/decrease in inventories	(640.8)	260.6
(Increase)/decrease in trade receivables and other current assets	(330.7)	43.9
Increase/(decrease) in trade payables and other current liabilities	423.2	(92.2)
Cash generated from operations	1 725.5	2 508.9
35.2 Acquisition of business		
During the year, the group acquired the entire equity of FourFourTwo Limited effective 1 October 2010.		
The fair values of assets acquired and liabilities assumed at that date are as follows:		
Non-current assets	31.9	-
Net working capital	(30.7)	-
Cash	1.7	-
	2.9	-
Goodwill arising on acquisition	0.1	-
Total purchase consideration	3.0	-
Less: Cash acquired	(1.7)	-
	1.3	-

Notes to the group financial statements continued

for the year ended 30 September 2011

	2011 September	2010 September
35. NOTES TO THE CASH FLOW STATEMENTS (continued)		
35.3 Buy-out of non-controlling interests		
The group acquired the remaining 43.1% shareholding in Nampak Nigeria Plc and the remaining 40% shareholding in Packaging Industries Malawi Limited for a combined amount of R33.8 million.		
35.4 Disposal of businesses		
During the year, the group disposed of the entire equity of Nampak Paper Holdings Limited effective 28 February 2011. The disposal is treated as a discontinued operation (note 27).		
The group also disposed of Interpak Books (Pty) Ltd and Disaki Cores and Tubes (Pty) Ltd, as well as the L&CP and Tubs businesses. These businesses were classified as held for sale in the prior year (note 13).		
In the prior year, the group disposed of the group's shareholding in Cartonagens de Mocambique LDA to the minority shareholder, as well as the containers division of Tubes and Tubs.		
The fair values of assets and liabilities disposed of are as follows:		
Non-current assets	889.2	24.7
Non-current liabilities	(277.9)	–
Net working capital	590.9	19.7
Cash and cash equivalents	64.5	(0.6)
Goodwill realised on disposal	–	0.4
Net assets disposed	1 266.7	44.2
Non-controlling interest	(1.6)	(1.6)
Release of foreign currency translation reserve	(1.6)	2.1
Loss on disposal of businesses	(357.8)	(2.9)
Total disposal consideration	905.7	41.8
Less: Deferred sales proceeds	(6.9)	(26.1)
Consideration received	898.8	15.7
Less: Cash and cash equivalents disposed	(64.5)	0.6
Net inflow on disposal	834.3	16.3

	2011 September	2010 September
35. NOTES TO THE CASH FLOW STATEMENTS (continued)		
35.5 Short-term loans and commercial paper		
The short-term loans and commercial paper are managed as part of the ongoing cash management of the group.		
35.6 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances, cash and deposits	1 450.8	718.6
Bank overdraft (note 15)	(652.9)	(455.5)
	797.9	263.1

Company statement of financial position

at 30 September 2011

	Notes	2011 R million	2010 R million
ASSETS			
Non-current assets			
Investment in associate	1	9.2	10.0
Investment in subsidiaries	2	2 607.3	2 825.4
Other non-current financial assets	3	414.1	414.4
		3 030.6	3 249.8
Current assets			
Other receivables		–	0.3
Subsidiary companies	12	1 183.5	1 722.9
Bank balances, deposits and cash	4	0.5	0.6
		1 184.0	1 723.8
Total assets		4 214.6	4 973.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	35.8	35.7
Capital reserves	5	646.3	606.3
Other reserves	5	1.3	2.3
Retained earnings	5	3 014.0	3 591.3
Total equity		3 697.4	4 235.6
Current liabilities			
Other payables	6	10.3	8.2
Subsidiary companies	12	495.0	724.2
Tax liabilities		11.9	5.6
		517.2	738.0
Total equity and liabilities		4 214.6	4 973.6

Company statement of comprehensive income

for the year ended 30 September 2011

	Notes	2011 R million	2010 R million
Employee benefit expense		3.8	3.1
Other operating expenses		2.9	2.6
Other operating income		6.2	479.8
Operating (loss)/profit	7	(0.5)	474.1
Finance income	8	–	2.6
Income from investments	9	136.0	175.5
Share of profit of associate	1	0.2	0.2
Profit before tax		135.7	652.4
Income tax expense	10	77.3	62.4
Total comprehensive income for the year		58.4	590.0

Company statement of changes in equity

for the year ended 30 September 2011

	Notes	2011 R million	2010 R million
Opening balance		4 235.6	3 934.0
Net shares issued during period		32.7	19.5
Share-based payment expense		13.8	54.3
Share grants exercised		(5.2)	(3.4)
Share grants forfeited after vesting date		(1.2)	(2.4)
Share of movement in associate's non-distributable reserves		(1.0)	(1.0)
Total comprehensive income for the period		58.4	590.0
Dividends paid		(635.7)	(355.4)
Closing balance		3 697.4	4 235.6
Comprising:			
Share capital	5	35.8	35.7
Capital reserves	5	646.3	606.3
Share premium		298.4	265.8
Share option reserve		347.9	340.5
Other reserves	5	1.3	2.3
Share of non-distributable reserve in associates		1.3	2.3
Retained earnings	5	3 014.0	3 591.3
Total equity		3 697.4	4 235.6

Company statement of cash flows

for the year ended 30 September 2011

	Notes	2011 R million	2010 R million
Cash flows from operating activities			
Cash retained from/(utilised in) operations	13.1	537.6	(191.8)
Income from investments		136.0	175.5
Interest received		–	2.6
Income tax paid		(71.0)	(59.7)
Cash flows from operations		602.6	(73.4)
Dividends paid		(635.7)	(355.4)
Cash utilised in operating activities		(33.1)	(428.8)
Cash flows from investing activities			
Decrease/(increase) in non-current financial assets and investments		0.3	(1.4)
Cash retained from/(utilised in) investing activities		0.3	(1.4)
Cash flows from financing activities			
Capital proceeds from issue of shares		32.7	19.5
Cash retained from financing activities		32.7	19.5
Net decrease in cash and cash equivalents		(0.1)	(410.7)
Cash and cash equivalents at beginning of year		0.6	411.3
Cash and cash equivalents at end of year	13.2	0.5	0.6

Notes to the company financial statements

for the year ended 30 September 2011

	2011 R million	2010 R million
1. INVESTMENT IN ASSOCIATE		
(Refer to Annexure A for details)		
Cost of investment in associate	4.7	4.7
Share of other post-acquisition reserves	1.3	2.3
Share of post-acquisition profit, net of dividend received	3.2	3.0
Opening balance	3.0	2.8
Share of current year profit	0.2	0.2
	9.2	10.0
The group has obligations in respect of losses from its associate to the extent of the carrying value of the investment.		
Summarised financial information in respect of the company's associate is set out below:		
Revenue	101.9	84.3
Profit for the year	0.5	0.5
Total assets	302.3	301.5
Total liabilities	274.8	271.8
Net assets	27.5	29.7
Company's share of associate's net assets	9.2	10.0
2. INVESTMENTS IN SUBSIDIARIES		
(Refer to Annexure A for details)		
Interest in subsidiaries	3 880.3	3 880.3
Share-based payments contribution	130.2	117.6
Net amount due by subsidiaries ¹	79.8	310.5
Less: Impairment losses	(1 483.0)	(1 483.0)
Shares at cost less impairments	2 607.3	2 825.4
Directors' valuation	2 607.3	2 825.4
<i>¹The loans do not bear interest and have no fixed repayment terms.</i>		
3. OTHER NON-CURRENT FINANCIAL ASSETS		
Residual Right in Nampak Black Management Trust	414.1	414.1
Other	–	0.3
Total	414.1	414.4
In September 2005 Nampak Limited made a founding grant to the Black Management Trust (BMT) on behalf of the employer companies. Following the final allocations to participants in the BMT, the founding grant was recovered from the employer companies. However, Nampak still has the right as a residual beneficiary of the BMT.		
4. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	0.5	0.6
Total	0.5	0.6

5. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Attributable to equity holders of the company					
	Share capital R million	Share premium R million	Share option reserve R million	Share of non- distributable reserve in associates R million	Retained earnings R million	Total equity R million
At 1 October 2009	35.6	246.4	292.0	3.3	3 356.7	3 934.0
Employee share option scheme:						
– value of employee services	–	–	54.3	–	–	54.3
– share grants exercised	–	–	(3.4)	–	–	(3.4)
– proceeds from shares issued	0.1	19.4	–	–	–	19.5
– share grants forfeited after vesting date	–	–	(2.4)	–	–	(2.4)
Share of movement in associate's non-distributable reserves	–	–	–	(1.0)	–	(1.0)
Profit for the year	–	–	–	–	590.0	590.0
Dividends paid	–	–	–	–	(355.4)	(355.4)
At 30 September 2010	35.7	265.8	340.5	2.3	3 591.3	4 235.6
Employee share option scheme:						
– value of employee services	–	–	13.8	–	–	13.8
– share grants exercised	–	–	(5.2)	–	–	(5.2)
– proceeds from shares issued	0.1	32.6	–	–	–	32.7
– share grants forfeited after vesting date	–	–	(1.2)	–	–	(1.2)
Share of movement in associate's non-distributable reserves	–	–	–	(1.0)	–	(1.0)
Profit for the year	–	–	–	–	58.4	58.4
Dividends paid	–	–	–	–	(635.7)	(635.7)
At 30 September 2011	35.8	298.4	347.9	1.3	3 014.0	3 697.4

Notes to the company financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
5. CAPITAL AND RESERVES (continued)		
Share capital and premium		
Authorised:		
776 857 200 (2010: 745 000 000) ordinary shares of 5 cents each	38.9	37.3
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 200 preferred ordinary shares of 5 cents each	–	1.6
100 redeemable preference shares of 5 cents each	–	–
Authorised share capital	39.9	39.9
Issued:		
695 198 725 (2010: 660 777 659) ordinary shares of 5 cents each	34.8	33.1
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
31 857 195 preferred ordinary shares of 5 cents each	–	1.6
Issued share capital	35.8	35.7
23 357 946 (2010: 24 999 638) ordinary shares have been set aside for employees' share schemes.		
Share premium	298.4	265.8
Share option reserve	347.9	322.4
Capital reserves	646.3	588.2
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	660 777 659	659 264 090
Conversion and listing of 31 857 195 preferred ordinary shares into ordinary shares held by the company's BEE partner, Red Coral Investments 23 (Pty) Limited	31 857 195	–
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 share option scheme ("Option Scheme")	2 307 200	1 335 100
Ordinary shares allotted to a director in terms of the option scheme	25 000	–
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited performance share plan ("PSP")	189 406	163 677
Ordinary shares allotted to a director in terms of the PSP	9 238	14 792
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited share appreciation plan	33 027	–
Number of ordinary shares issued at end of year	695 198 725	660 777 659
Preferred ordinary shares		
The 31 857 195 preferred ordinary shares allotted to Red Coral Investments 23 (Pty) Limited converted to 31 857 195 ordinary shares in February.		
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		

	2011 R million	2010 R million
6. OTHER PAYABLES		
Accruals	10.3	8.1
Other	-	0.1
Total	10.3	8.2
<p>Accruals principally comprise amounts outstanding for ongoing costs.</p> <p>The directors consider that the carrying amount of other payables approximates their fair value.</p>		
7. OPERATING (LOSS)/PROFIT		
<p>Operating (loss)/profit is stated after taking into account the following items:</p>		
Reversal of impairment loss in subsidiaries and other non-current financial assets	-	65.3
Residual right in Nampak Black Management Trust	-	414.1
<p>Disclosures relating to share-based payments are provided in note 22 of the group financial statements. Where applicable, the current year expenses relating to share-based payments were charged to the appropriate subsidiary companies.</p>		
8. FINANCE INCOME		
Interest received – current facilities	-	2.6
	-	2.6
9. INCOME FROM INVESTMENTS		
Normal dividends – South African	84.0	82.3
Interest received from subsidiaries	52.0	87.0
Fees	-	6.2
	136.0	175.5

Notes to the company financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
10. INCOME TAX		
Current tax		
– Current year	22.3	32.8
– Prior year	(0.6)	(3.7)
Secondary tax on companies	55.6	33.3
Total	77.3	62.4
The company tax rate in South Africa is 28% (2010: 28%) of the estimated assessable profit for the year.		
Reconciliation of rate of tax		
Effective company rate of tax	%	57.0
Reduction in tax charge due to:	%	9.6
– dividend income	%	17.3
– reversal of impairments	%	–
– exempt income	%	–
– adjustment for prior year normal tax	%	0.4
Increase in tax charge due to:		
– disallowable expenses	%	(1.3)
– imputed income – section 9D	%	(4.4)
– secondary tax on companies	%	(41.0)
Normal tax rate	%	28.0
11. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Final dividend No 77 paid on 17 January 2011: 58.0 cents per share (2010: No 75 – 24.0 cents per share)	383.6	158.4
Interim dividend No 78 paid on 11 July 2011: 34.0 cents per share (2010: No 76 – 25.0 cents per share)	236.1	165.1
	619.7	323.5
Other dividends (including preferred ordinary dividends)	16.0	31.9
Total dividends	635.7	355.4
Secondary tax on companies (STC) on dividends	10.0%	10.0%
On 23 November 2011, the directors declared a dividend No 79 of 30.5 cents per share, and a cash distribution No 8 of 43.5 cents per share, payable on 23 January 2012 to shareholders registered on the record date, being 20 January 2012.		
	Cents	Cents
Analysis of dividends/cash distributions declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	34.0	25.0
Final	30.5	58.0
Cash distribution per ordinary share		
Final	43.5	–
	108.0	83.0

	2011 R million	2010 R million
12. RELATED PARTY TRANSACTIONS		
The company entered into various transactions with subsidiaries and special purpose entities which are deemed to be controlled by the group during the year. Interest, dividends and fees received from these entities are listed in note 9.		
Non-current amounts payable by such entities are included in note 2.		
Current amounts due by subsidiary companies are as follows:		
Nampak Products Limited ¹	1 171.9	1 707.6
Disaki Cores and Tubes (Pty) Ltd ¹	–	0.8
Interpak Books (Pty) Ltd ¹	–	2.9
Nampak Wiegand Glass (Pty) Ltd ¹	11.6	11.6
	1 183.5	1 722.9
Current amounts outstanding to subsidiary companies are as follows:		
Kohler Packaging Limited ²	140.0	–
Nampak Share Purchase Trust ²	1.1	1.1
Nampak Products Limited ²	–	369.2
Malbak Limited ²	353.9	353.9
	495.0	724.2
¹ These loans bear interest at the average deposit rate and have no fixed repayment terms.		
² These loans do not bear interest and have no fixed repayment terms.		
Treasury shares		
Treasury shares are shares of the company, held by subsidiaries and special purpose entities of the group. Dividends/cash distributions paid on treasury shares are detailed in note 28 of the group financial statements.		
Guarantees		
Guarantee for an amount not exceeding US\$9.3 million in favour of Citibank N.A. South Africa branch in respect of the loan facilities entered into between Nampak Cartons Nigeria Limited and Nampak Properties Nigeria Limited with Nigeria International Bank Limited.	–	64.8
Guarantee for an amount not exceeding US\$1.2 million on behalf of Nampak International Limited in favour of US Steel relating to purchases by African operations.	8.3	8.3
Guarantee for an amount not exceeding US\$2 million on behalf of Nampak International Limited in favour of Arcelor Mittal.	13.9	13.9
Guarantee for an amount not exceeding US\$0.5 million on behalf of Nampak International Limited in favour of Sappi Deutschland.	3.5	3.5

Notes to the company financial statements continued

for the year ended 30 September 2011

	2011 R million	2010 R million
12. RELATED PARTY TRANSACTIONS (continued)		
Guarantee for an amount not exceeding R1.2 million on behalf of Nampak Products Limited in favour of Unilever SA Home & Personal Care (Pty) Limited for the supply and installation of case erectors and case sealers	1.2	1.2
Guarantee for an amount not exceeding R750 million on behalf of Nampak Products Limited in favour of noteholders for the commercial paper programme	750.0	750.0
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for a non-current loan	1 000.0	1 000.0
Guarantee for an amount not exceeding R30 million on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for Nampak Tissue	30.0	–
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Limited in favour of Nedbank for a non-current loan	1 000.0	–
Guarantee for an amount not exceeding R2.4 million on behalf of Nampak International Limited in favour of US Steel Serbia*	2.4	2.4
Guarantee for an amount not exceeding R350 million on behalf of Nampak Products Limited in favour of Rand Merchant Bank for debt facilities*	350.0	350.0
Guarantee for an amount not exceeding R482 million on behalf of Nampak Products Limited in favour of Citibank for banking facilities*	482.0	482.0
Guarantee for an amount not exceeding R1.007 billion on behalf of Nampak Products Limited in favour of ABSA for banking facilities*	1 007.0	1 007.0
Guarantee for an amount not exceeding R160.8 million on behalf of Nampak Products Limited in favour of Citibank for banking facilities*	160.8	160.8
Guarantee for an amount not exceeding R176.9 million on behalf of Nampak Cartons Nigeria in favour of Citibank*	176.9	176.9
Guarantee for an amount not exceeding R80.4 million on behalf of Nampak Cartons Nigeria Limited in favour of Citibank*	80.4	80.4
<i>*Prior year restated for guarantees not previously disclosed</i>		
Key management personnel		
Details of significant positions held by key management personnel and transactions with these entities are provided in note 32 of the group financial statements.		
The remuneration of directors and other members of key management paid by the company during the year was as follows:		
Fees for services as directors	3.8	3.1
The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.		

	2011 R million	2010 R million
13. NOTES TO THE CASH FLOW STATEMENT		
13.1 Reconciliation of profit before taxation to cash (utilised in)/retained from operations		
Profit before taxation	135.7	652.4
Adjustment for:		
Income from investments	(136.0)	(175.5)
Net impairment reversal	–	(65.3)
Residual right in Nampak Black Management Trust	–	(414.1)
Share of profit in associate	(0.2)	(0.2)
Net finance income	–	(2.6)
Operating loss before working capital changes	(0.5)	(5.3)
Decrease in other receivables	0.3	2.6
Decrease in other payables	(3.1)	(1.6)
Movement in subsidiary company loans	540.9	(187.5)
Cash retained from/(utilised in) operations	537.6	(191.8)
13.2 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances, deposits and cash	0.5	0.6

Interests in subsidiaries and joint ventures

ANNEXURE A

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2011 %	2010 %	Shares at cost		Indebtedness	
						2011 Rm	2010 Rm	2011 Rm	2010 Rm
1. SUBSIDIARIES (CONSOLIDATED)									
Angolata Lda	O	Angola	K4 580 650	70	70				
Blowmocan Holdings Ltd	I	UK	£1 000	100	100				
Burcap Plastics (Pty) Ltd	D	RSA	R100	100	100				
Crown Cork Co Zambia Ltd	O	Zambia	ZMK194 285 714	100	100				
Disaki Cores and Tubes (Pty) Ltd	O	RSA	R1 000	-	70				
Imperama NV	O	Netherlands	€793 000	-	100				
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100				
Interpak Books (Pty) Ltd	O	RSA	R1 000	-	75				
Kohler Packaging Ltd	D	RSA	R3 198 495	100	100	8.0	8.0	-	310.5
Malbak Ltd	I	RSA	R353 864 160	100	100	1 836.8	1 836.8	-	-
Metal Box (Namibia) (Pty) Ltd	D	Namibia	N\$1	100	100				
Metal Box South Africa Ltd	D	RSA	R68 153 240	100	100				
Nampak Cartons & Healthcare Ltd	O	UK	£142	-	100				
Nampak Cartons BV	O	Netherlands	€22 700	-	100				
Nampak Cartons Europe BV	I	Netherlands	€23 205	-	100				
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90				
Nampak Corrugated PMB (Pty) Ltd	D	RSA	R100	-	100				
Nampak Healthcare Darmstadt GmbH	O	Germany	€26 000	-	100				
Nampak Healthcare Ireland Limited	O	Ireland	€20 316	-	100				
Nampak Healthcare Italy SRL	O	Italy	€3 000 000	-	100				
Nampak Healthcare Luxembourg SA	O	Luxembourg	€31 000	-	100				
Nampak Healthcare Sarreguemines SARL	O	France	€266 786	-	100				
Nampak Healthcare SCI	O	France	€7 622	-	100				
Nampak Healthcare Wolfen GmbH	O	Germany	€25 600	-	100				
Nampak Holdings (UK) Plc	I	UK	£1 964 605	100	100				
Nampak Holdings Ltd	I	Mauritius	US\$100 000	100	100				
Nampak Insurance Company Limited	Insurance	Isle of Man	£100 000	100	100				
Nampak International Ltd	I	Isle of Man	£72 682	100	100	1 889.3	1 889.3	-	-
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100				
Nampak Leasing (Pty) Ltd	D	RSA	R100	100	100				
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100				
Nampak Metal Packaging Ltd	D	RSA	R9 134	100	100				
Nampak Cartons Nigeria Limited	O	Nigeria	NGN14 000 000	100	100				
Nampak Nigeria Plc	O	Nigeria	NGN107 044 183	100	57				
Nampak Properties Nigeria Limited	P	Nigeria	NGN14 000 000	100	100				
Nampak Paper Holdings Ltd	I	UK	£26 828 200	-	100				
Nampak Petpak (Namibia) (Pty) Ltd	O	Namibia	N\$100	100	100				

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2011 %	2010 %	Shares at cost		Indebtedness	
						2011 Rm	2010 Rm	2011 Rm	2010 Rm
Nampak Plastics Europe Ltd	O	UK	£4 863 028	100	100				
Nampak Polycyclers (Pty) Ltd	D	RSA	R20 000	100	100				
Nampak Products Ltd	O	RSA	R3 758 641	100	100	93.7	93.7	79.8	-
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100				
Nampak Southern Africa Holdings Limited	I	Mauritius	US\$4 726 922	100	100	52.5	52.5	-	-
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100				
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Tissue (Pty) Ltd	D	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000 000	100	100				
Packaging Industries Malawi Ltd	O	Malawi	MWK13 450 000	100	60				
Printech Systems BV	O	Netherlands	€18 000	-	100				
Storey Evans Holdings Limited	I	UK	£20	-	100				
Storey Evans & Company Limited	O	UK	£1 030 000	-	100				
Teknol BV	I	Netherlands	€18 151	100	100				
Teknol NV	I	Netherlands Antilles	US\$6 000	100	100				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$600 000	100	100				
Total						3 880.3	3 880.3	79.8	310.5
2. JOINT VENTURES									
(PROPORTIONATELY CONSOLIDATED)									
Bullpak Ltd	O	Kenya	KES4 760 000	49	49				
Crown Cork Company (Mozambique) LDA	O	Mozambique	MT3 800 million	50	50				
Elopak South Africa (Pty) Ltd	O	RSA	R280	50	50				
Nampak Wiegand Glass (Pty) Ltd	O	RSA	R600	50	50				
Sancellia South Africa (Pty) Ltd	O	RSA	R5 000	50	50				
ASSOCIATE									
Collect-a Can (Pty) Ltd	O	RSA	R4 000 000	40	40				
Group Risk Holdings (Pty)Ltd	Insurance	RSA	R10 000	33	33				

Interests in subsidiaries and joint ventures continued

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2011 %	2010 %	Shares at cost		Indebtedness	
						2011 Rm	2010 Rm	2011 Rm	2010 Rm
3. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES									
(NOT CONSOLIDATED)									
Carnaud Metalbox Zimbabwe Ltd	O	Zimbabwe	ZWD19 799 000	100	100				
Crown Cork Co Zimbabwe (1958) (Pvt) Ltd	O	Zimbabwe	ZWD1 421 000	100	100				
Megaplastics Ltd	I	Zimbabwe	ZWD2	100	100				
Hunyani Holdings Ltd	O	Zimbabwe	ZWD31 391 103	39	39				
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	ZWD20	49	49				
Sun Citrus Packers (Pty) Ltd	O	South Africa	R16 000 000	26	26				

Type

O – Operating

F – Finance

I – Investment holding

P – Property owning

D – Dormant

General information in respect of subsidiaries is set out only in respect of those subsidiaries, the financial position or the results of which are material for a proper appreciation of the affairs of the group. The directors are of the opinion that the disclosures in these statements of such information in respect of the remaining dormant subsidiaries would entail expenses out of proportion to the value to shareholders. A register containing the relevant information in respect of all subsidiaries, joint ventures and associates is available for inspection at the registered offices of Nampak Limited.

Note

The subsidiary, joint venture and associate companies' aggregate income after taxation attributable to the holding company for the year ended 30 September 2011 is R962.0 million (2010: R941.7 million). The aggregate amount of losses attributable to the holding company is R334.1 million (2010: R51.1 million).

ANNEXURE B

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2011 Rm	2010 Rm	2011 Rm	2010 Rm
UNLISTED INVESTMENTS					
Ethiopian Crown Cork & Can Industry	O	5 750	5 750	25	25
Houers Ko-operatief Bpk	O	1 714 901	1 714 901	15	15
Lesedi Clinic (Soweto) (Pty) Ltd	O	250	250	100	100
Aqua Harvest Ltd	O	150 586	150 586	< 1	< 1
Nampak Polyfoil Zimbabwe (Pvt) Ltd	O	1	1	< 1	< 1

Type

O – Operating

Notice of annual general meeting

NAMPAK LIMITED

Notice is hereby given that the 44th annual general meeting of shareholders of Nampak Limited will be held in the "JSE One" Room, situated on the 12th Floor of the Radisson BLU Hotel Sandton, corner Rivonia Road and Daisy Street, Sandton, South Africa on Wednesday 1 February 2012 at 12:00 for the purpose of considering and, if deemed fit, passing with or without modification the ordinary and special resolutions set out below.

The record date for purposes of determining which shareholders are entitled to receive this notice is 9 December 2011.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting is Friday 27 January 2012. Accordingly, the last date to trade in order to be registered in the company's register of shareholders, is Friday 20 January 2012.

Percentage voting rights

Ordinary resolutions 1 to 11 require a minimum of 50% plus 1 vote of the voting rights cast in order for the resolutions to be adopted:

Ordinary resolution number 1 – adoption of annual financial statements

"RESOLVED that the annual financial statements of the company and of the group for the year ended 30 September 2011, including the directors' report, the audit committee report and the auditor's report, be adopted".

Ordinary resolution number 2 – confirmation of the appointment of a director

"RESOLVED that, in terms of the company's memorandum of incorporation, the appointment of Mrs VN Magwentshu as an independent, non-executive director of the company be and is hereby confirmed".

Ordinary resolution number 3 – re-election of retiring director

"RESOLVED that Mr G Griffiths, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as an executive director of the company".

Ordinary resolution number 4 – re-election of retiring director

"RESOLVED that Mr PM Surgey, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as an independent, non-executive director of the company".

Ordinary resolution number 5 – re-election of retiring director

"RESOLVED that Mr FV Tshiqi, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and is hereby re-elected as an executive director of the company".

Ordinary resolution number 6 – appointment of external auditors

"RESOLVED that Deloitte & Touche be appointed as the company's external auditors, as nominated by the company's

audit committee, until the next annual general meeting and noted that Mr AF Mackie will undertake the audit during the financial year ending 30 September 2012 as the individual registered auditor of Deloitte & Touche".

Ordinary resolution number 7 – appointment of a member of the audit committee

"RESOLVED that Mr RV Smither, an independent, non-executive director of the company, be and is hereby appointed a member and chairman of the audit committee until the next annual general meeting of the company".

Ordinary resolution number 8 – appointment of a member of the audit committee

"RESOLVED that Mr RC Andersen, an independent, non-executive director of the company, be and is hereby appointed a member of the audit committee until the next annual general meeting of the company".

Ordinary resolution number 9 – appointment of a member of the audit committee

"RESOLVED that Mrs VN Magwentshu, an independent, non-executive director of the company, be and is hereby appointed a member of the audit committee until the next annual general meeting of the company".

Ordinary resolution number 10 – appointment of a member of the audit committee

"RESOLVED that Mrs CWN Molope, an independent, non-executive director of the company, be and is hereby appointed a member of the audit committee until the next annual general meeting of the company".

** Brief biographies of the directors named in resolutions 2 to 5 and 7 to 10 above appear on pages 8 and 9 of the integrated annual report.*

Ordinary resolution number 11 – confirmation of the group's remuneration policy

"RESOLVED that, as a non-binding advisory vote, the group's remuneration policy as set out in the remuneration report on pages 88 to 101 of the integrated annual report be and is hereby confirmed".

Percentage voting rights

Ordinary resolution number 12 requires a minimum of 75% plus 1 vote of the voting rights cast in order for the resolution to be adopted:

Ordinary resolution number 12 – amendments to the existing share plans

"RESOLVED that the company hereby approves amendments to the rules of the Nampak Performance Share Plan 2009 (PSP), the Nampak Share Appreciation Plan 2009 (SAP) and the Nampak Deferred Bonus Plan 2009 (DBP) to record that:

1. on termination of employment due to voluntary early retirement, awards made under the PSP, SAP and DBP will not be forfeited, unless voluntary early retirement is elected as the cause of termination of employment in instances which would have warranted cessation of employment on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct, in which event the awards will still be forfeited;
2. proportionate vesting will occur on the normal vesting date under the rules of the PSP, SAP and DBP, rather than on date of termination of employment; and

Notice of annual general meeting continued

3. the portion of awards which will vest will reflect the number of months served since the award date up to the date of termination of employment. In the case of the PSP and SAP, the portion which will vest will also reflect the extent to which the performance target is met at the end of the performance period”.

Reason and effect

The rules of the Nampak Limited Performance Share Plan 2009 (the PSP), the Nampak Limited Share Appreciation Plan 2009 (the SAP) and the Nampak Limited Deferred Bonus Plan 2009 (the DBP) provide for the forfeiture of awards in the event of termination of employment due to voluntary early retirement of employees. However, the company is of the view that employees who retire early should not forfeit their awards under the PSP, SAP and the DBP due to a number of factors. These include the fact that many senior executives have been given awards under the PSP in lieu of relinquishing a portion of their guaranteed package (i.e. being paid below the median). In addition, certain business requirements such as black economic empowerment programmes, which often lead to voluntary early retirement, are beyond the control of employees. Forfeiture of awards in the event of voluntary early termination would therefore mean that these participants would be penalised unfairly.

In order to alleviate the perceived unfairness of the current treatment of voluntary early retirees, the rules of the PSP, SAP and the DBP should be amended to allow proportionate vesting in the event of voluntary early retirement. However, where voluntary early retirement is elected as the cause of termination of employment in instances which would have warranted cessation of employment on grounds of

misconduct, poor performance or proven dishonest or fraudulent conduct, awards will still be forfeited.

The rules will also be amended to record that vesting will only occur at the normal vesting date, rather than the date of termination of employment. The portion which will vest will reflect the number of months served from the award date up to the date of termination of employment and, in the case of the PSP and SAP, the extent to which the performance target is met at the end of the performance period. No awards will be forfeited if termination of employment occurs three years or more after the award date. Vested but unexercised awards under the SAP must be exercised within six months of the date of termination of employment.

The above amendments will be applied retrospectively to all awards made since the adoption and approval of the PSP, SAP and DBP by shareholders on 3 February 2010. Copies of the rules of the PSP, SAP and the DBP and the wording of the proposed amendments to the rules are available for inspection at the company's registered office.

Percentage voting rights

The following special resolutions require a minimum of 75% of the voting rights cast in order for the resolutions to be adopted:

Special resolution number 1 – non-executive directors' fees

“RESOLVED that, on the recommendation of the remuneration committee, the annual fees payable to the non-executive directors of the company for the 12 months from 1 October 2011 to 30 September 2012 be approved as follows:

	Proposed fees			Current fees	
	Base fee per annum (rand)	Fee per meeting for attendance (rand)	Number of formal meetings scheduled per annum	Total proposed fee per annum (rand)	Total fee per annum (rand)
Board/committee					
Non-executive chairman*	1 306 800	Single fee for role of chairman [†]		1 306 800	1 210 000
Non-executive directors**	108 600	13 400	6	189 000	175 000
Chairman of the audit committee**	108 000	27 000	3	189 000	175 000
Member of the audit committee**	53 000	13 000	3	92 000	85 000
Member of the nomination committee**	51 000	6 250	2	63 500	58 750
Chairman of the remuneration committee**	75 900	18 620	4	150 380	122 000
Member of the remuneration committee**	51 000	6 250	4	76 000	64 500
Chairman of the risk and sustainability committee**	75 900	18 620	2	113 140	104 750
Member of the risk and sustainability committee**	51 000	6 250	2	63 500	58 750
Chairman of the social, ethics and transformation committee**	75 900	18 620	2	113 140	104 750
Member of the social, ethics and transformation committee**	51 000	6 250	2	63 500	58 750

* Fees are paid monthly in arrears.

** Fees are paid quarterly in arrears.

[†] Includes fees for chairing the nomination committee.

The fees for attendance at meetings will be adjusted to reflect the actual number of meetings held during the financial year.

Reason and effect

The reason for and effect of special resolution number 1 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

Special resolution number 2 – general authority to repurchase company shares

“RESOLVED that, subject to compliance with the requirements of the JSE Limited and the Companies Act No. 71 of 2008 (as amended), the directors of the company be and are hereby authorised in their discretion to procure that the company or subsidiaries of the company acquire by purchase on the JSE ordinary shares issued by the company provided that:

- (i) the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
- (ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution is passed;
- (iii) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made; and
- (iv) the number of shares purchased by subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times.”

Reason and effect

The reason for special resolution number 2 is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or purchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

The effect of special resolution number 2 will be to authorise the directors of the company to procure that the company or subsidiaries of the company acquire or purchase shares issued by the company on the JSE. Such purchases:

- (i) may not in any financial year exceed 20% of the company's ordinary shares in issue at the date of passing the above resolution;
- (ii) must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- (iii) may not be made at prices in excess of 10% above the weighted average of the market value of the ordinary shares for the five days preceding the date of purchase;
- (iv) must comply with the requirements of the JSE; and
- (v) if made by a subsidiary or subsidiaries, may not exceed 10% in the aggregate of the issued shares in the company.

The general authority granted by this special resolution will lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution was passed.

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of a repurchase of up to 20% of the company's issued ordinary shares, are of the opinion that if such repurchase is implemented:

- (i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;
- (iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice; and
- (iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice.

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

In terms of the JSE Listings Requirements for special resolution number 2, the following general information is included in the annual report:

- (i) Directors and management (pages 8 and 9)
- (ii) Major shareholders (page 12)
- (iii) There have been no material changes since 30 September 2011
- (iv) Directors' interests in securities (pages 118 and 119)
- (v) Share capital of the company (pages 160 to 163)
- (vi) The company is not party to any material litigation, nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 8 and 9 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (the notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements.

Notice of annual general meeting continued

IDENTIFICATION, VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

In terms of section 63(1) of the Companies Act No. 71 of 2008 (as amended), any person attending or participating in the general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as proxy for a shareholder) has been reasonably verified.

In accordance with the company's memorandum of incorporation, voting shall be by ballot only.

Shareholders holding dematerialised shares, but not in their own name, must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the attached form of proxy.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut-off time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP or broker will assume that you do not wish to attend the general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with or post to the share registrar.

Forms of proxy must be dated and signed by the shareholder appointing a proxy and should be forwarded to reach the share registrar by no later than 12:00 on Monday, 30 January 2012. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:

1. An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual as a proxy to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the company. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out

below), remains valid only until the end of the annual general meeting.

2. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of: (a) the date stated in the revocation instrument, if any and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
5. If the instrument appointing the proxy has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder must be delivered by the company to: (a) the shareholder or (b) the proxy, if the shareholder has: (i) directed the company to do so in writing and (ii) paid any reasonable fee charged by the company for doing so.
6. Attention is also drawn to the "Notes" to the form of proxy.
7. The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

By order of the board

NP O'Brien
Company secretary
15 December 2011

Nampak Limited
Nampak Centre
114 Dennis Road
Atholl Gardens
Sandton 2196
Republic of South Africa

Nampak Limited

(Incorporated in the Republic of South Africa)
 (Registration number: 1968/008070/06)
 (Share code: NPK ISIN: ZAE000071676)
 ("Nampak" or "the company")

Form of proxy

FORM OF PROXY FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN NAME" DEMATERIALISED SHAREHOLDERS ONLY – 44TH ANNUAL GENERAL MEETING

For use only:

- by holders of **certificated shares** of the company; and
- holders of dematerialised shares in the company held through a Central Securities Depository Participant (CSDP) or broker and **who have selected "own name"** registration;

at the **annual general meeting** of the company to be held in the "JSE One" Room, situated on the 12th Floor of the Radisson BLU Hotel Sandton, corner Rivonia Road and Daisy Street, Sandton, South Africa on Wednesday 1 February 2012 at 12:00 or at any adjournment thereof (the annual general meeting).

If you are a Nampak shareholder entitled to attend and vote at the annual general meeting, you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a Nampak shareholder.

If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have **not** selected "own name" registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy, but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We)

(Full names in BLOCK LETTERS please)

of (address)

telephone (work) ()

(home) ()

being the holder(s) of

ordinary shares in the company, hereby appoint (see note 2):

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll, to vote or abstain from voting on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof.

INSERT AN 'X' OR THE NUMBER OF ORDINARY SHARES HELD IN THE COMPANY (see note 3, overleaf)

Proposed resolutions	For	Against	Abstain
1. To adopt the annual financial statements			
2. To confirm the appointment of VN Magwentshu			
3. To re-elect G Griffiths			
4. To re-elect PM Surgey			
5. To re-elect FV Tshiqi			
6. To appoint the external auditors			
7. To appoint RV Smither a member of the audit committee			
8. To appoint RC Andersen a member of the audit committee			
9. To appoint VN Magwentshu a member of the audit committee			
10. To appoint CWN Molohe a member of the audit committee			
11. To confirm the group's remuneration policy			
12. To amend the existing share plans			
Special resolution number 1 to approve the fees payable to the non-executive directors			
Special resolution number 2 to authorise the directors of the company to acquire or purchase shares issued by the company on the JSE Limited			

Note: Please indicate with an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote (see note 3, overleaf).

Signed at _____ on _____ 2011/2012
 Signature _____

Please read the notes on the reverse side hereof.

Notes to the form of proxy

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.
2. A shareholder may therefore insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting the words "the chairman of the annual general meeting". The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and the special resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit, in respect of the shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
5. In case of joint shareholders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholders, for which purpose seniority will be determined by the order in which the names appear on the company's register of shareholders in respect of the joint holding.
6. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any ordinary resolution or special resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's share registrar or waived by the chairman of the annual general meeting.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.
10. Forms of proxy must be lodged with or posted to the company, c/o Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa), to be received by no later than 12:00 on Monday 30 January 2012.

Shareholders' diary

Annual general meeting	1 February 2012
Interim statement and ordinary dividend Announcement for the half-year ending 31 March	May 2012
Group results and ordinary dividend announcement for the year ending 30 September 2012	November 2012
DIVIDEND/CASH DISTRIBUTION	
Ordinary	
Final for the year ended 30 September 2011	To be paid on 23 January 2012
Interim for the half-year ending 31 March 2012	To be paid July 2012
Preference	
6.5% and 6% cumulative	Payable twice per annum during February and August

Corporate information

Company secretary

Neill O'Brien *BProc*

Auditors

Deloitte & Touche

Business address and registered office

Nampak Centre, 114 Dennis Road, Atholl Gardens,
Sandton 2196, South Africa
(PO Box 784324, Sandton 2146)
Telephone +27 11 719 6300
Telefax +27 11 444 4794
Website www.nampak.com

Share registrar

Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg 2001, South Africa
(PO Box 61051, Marshalltown 2107)
Telephone +27 11 370 5000
Telefax: +27 11 370 5487

Sponsor

UBS South Africa (Pty) Limited
64 Wierda Road East
Sandton 2196, South Africa
(PO Box 652863, Benmore 2010)
Telephone +27 11 322 7000
Telefax +27 11 784 8280

Investor Relations

Graham Hayward *FCIS, MBA*
PO Box 784324
Sandton 2146
Telephone +27 11 719 6320
graham.hayward@za.nampak.com

Sustainability

Lynne Kidd *BA (Hons) Industrial Psychology*
PO Box 784324
Sandton
2146
Telephone +27 11 719 6332
lynne.kidd@za.nampak.com

Disclaimer

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward looking statements are discussed in each year’s annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

