

beyond the blue



Nampak
packaging excellence

annual report 2008

profile

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Nampak is Africa's largest and most diversified packaging manufacturer and also has operations in several countries in Europe.

SOUTH AFRICA

In South Africa, Nampak offers the widest product range of any packaging company in the world, providing customers with a total solution to their packaging needs, supported by our world-class research and development facility in Cape Town.

In addition to packaging, Nampak is also the largest manufacturer of tissue paper products. The group is extensively involved in collecting and recycling all types of used packaging.

REST OF AFRICA

Nampak is growing its presence in the rest of Africa and currently has operations in 10 countries, manufacturing a range of metal, paper and plastic packaging products. In 2009, this will be expanded to 11 countries with the commissioning of a new beverage can manufacturing facility in Angola.

EUROPE

In Europe, Nampak operates in six countries. It is the major supplier of plastic bottles to the dairy industry in the United Kingdom. It is one of the leading manufacturers of folding cartons for the food industry in Europe and also manufactures cartons, leaflets and labels for the healthcare market.

CORPORATE

The corporate office based in Sandton, South Africa, provides strategic direction and administers overall control of the group.



packaging excellence

product diversity

capacity to deliver

highlights

	2008 Rm	2007 Rm	% change
Income statement			
Revenue	18 458	17 014	8
Trading income*	1 537	1 781	(14)
Trading margin	8.3%	10.5%	
Net profit	516	1 054	(51)
Headline earnings per share	177.3c	184.6c	(4)
Cash distribution per share	100.0c	115.3c	
EBITDA	1 700	2 323	
<i>*Before abnormal items.</i>			
Balance sheet			
Total shareholders' funds	5 992	6 050	
Total assets	15 515	13 033	
Net asset value per share	1 023c	1 037c	
Net borrowings	2 584	1 925	
Net gearing	43%	33%	
Cash flow			
Cash generated from operations	2 143	2 045	



geographic footprint



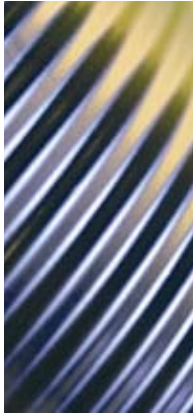
research and development innovation



brand energy solutions

SEGMENTAL OVERVIEW

REVENUE CONTRIBUTION

**metals and glass: Africa**

- Sub-Saharan Africa's sole manufacturer of tinplate beverage cans
- Africa's largest manufacturer of two- and three-piece tinplate food cans
- Cans for industrial and household products
- South Africa's leading supplier of tinplate and aluminium aerosol cans
- Tinplate closures for jars and aluminium closures for spirit bottles
- A wide range of glass bottles in a joint venture with Wiegand Glas
- Tinplate crowns for beverage bottles
- Decorative tinware

**paper: Africa and Europe**

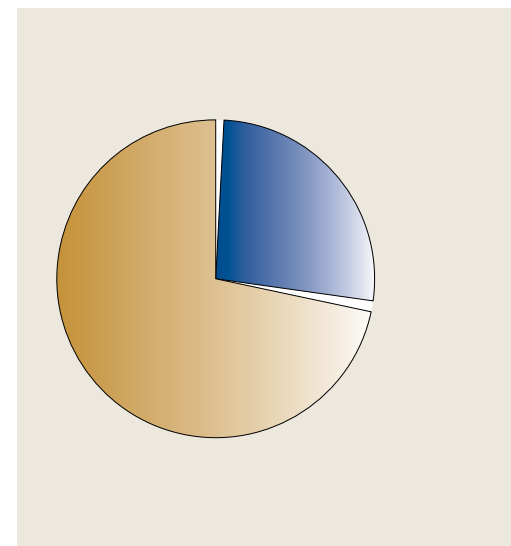
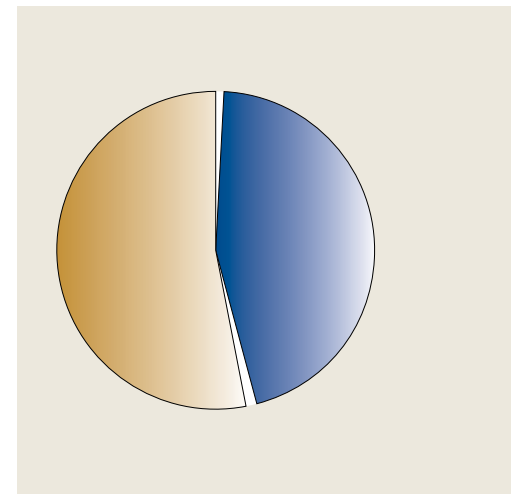
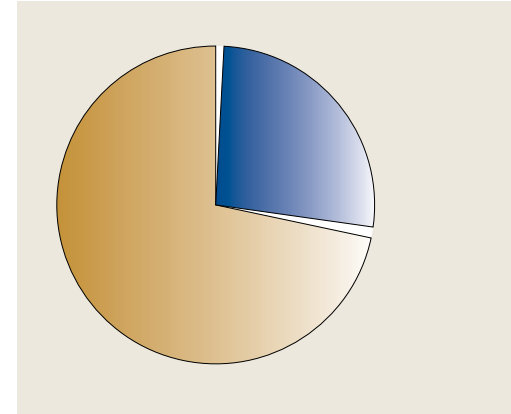
- Corrugated boxes
- Folding cartons and wraparounds
- Leaflets, labels and cartons for pharmaceuticals
- Composite containers
- Labels for cans and bottles
- Multiwall sacks and bags
- Cores, cones and tubes
- Partitions, angleboard, singleface wrap and layer pads
- Toilet and facial tissue
- Disposable diapers and feminine hygiene products
- Books and diaries

**plastics: Africa and Europe****RIGID PLASTICS**

- PET and HDPE bottles for beverages and other liquid products
- Closures for beverage bottles
- Crates and drums
- Paint pails and buckets
- Tubes and tubs

FLEXIBLE PLASTICS

- A wide range of plastic, paper and aluminium laminated products for snack foods and confectionery
- Pouches and bags for food, beverages and pharmaceuticals
- Aluminium foil products
- Various types of extruded and co-extruded films
- Aluminium roofing insulation and coated textiles
- Shrink-sleeve labels



PERFORMANCE

Rm	2008	2007
Revenue	5 061	4 728
Trading income	751	805
Trading margin (%)	14.8	17.0

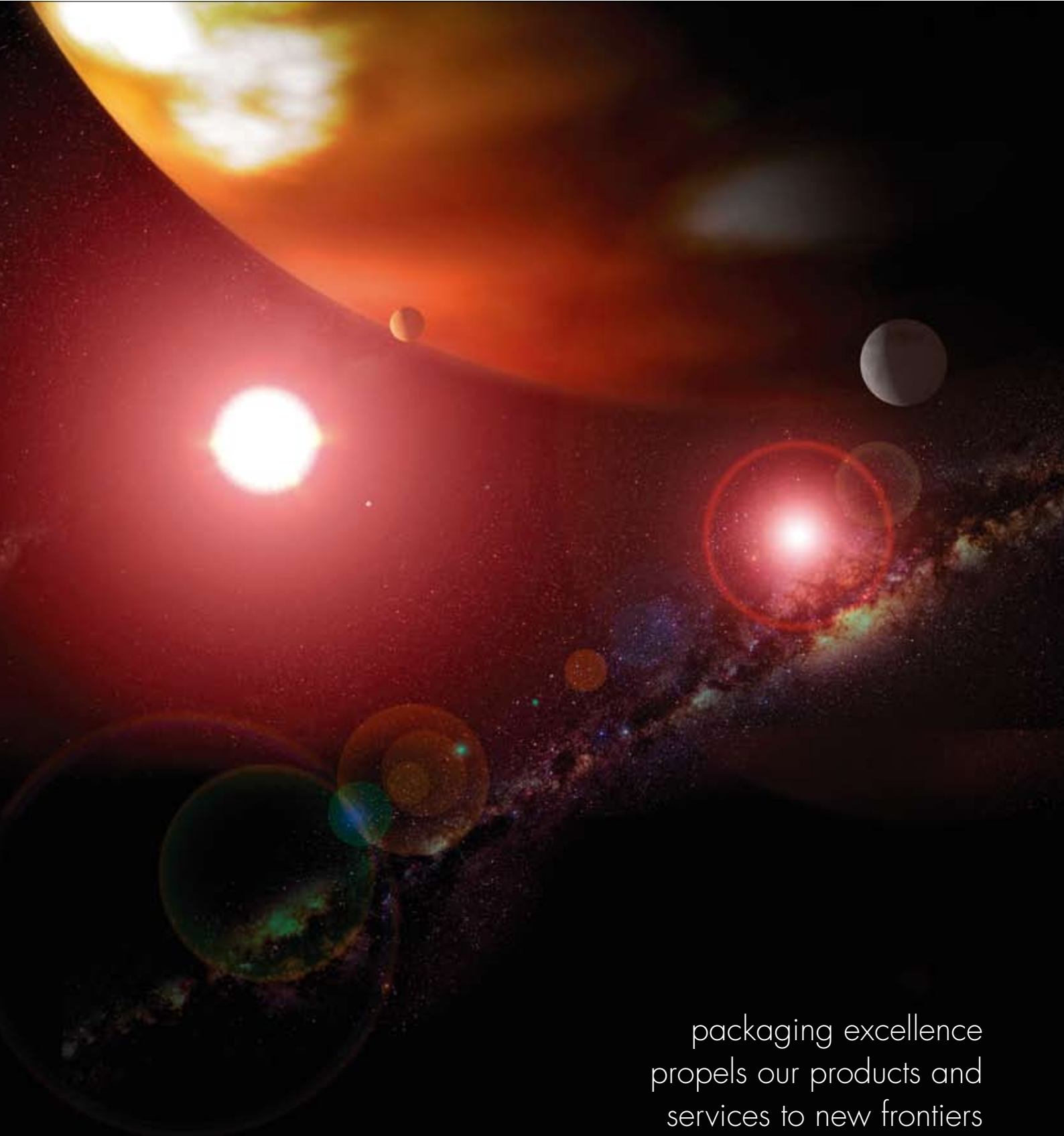
Rm	2008	2007
Revenue	8 433	7 869
Trading income	294	449
Trading margin (%)	3.5	5.7

Rm	2008	2007
Revenue	4 934	4 466
Trading income	328	404
Trading margin (%)	6.6	9.0

OUR GEOGRAPHICAL FOOTPRINT



Nampak currently operates in 11 countries on the African continent and in 6 countries in Europe



packaging excellence
propels our products and
services to new frontiers

going beyond — product diversity

Business environment

The South African economy grew by approximately 4% in 2008. Higher interest rates had an impact on consumer spending and non-durables grew by only 2%. The South African businesses experienced a decline of 1% in volume, mainly as a result of extraneous factors in the second quarter of the financial year. There was good economic growth in all the countries in which we operate in the rest of Africa, with the exception of Zimbabwe.

Economic growth in western Europe slowed markedly, primarily as a result of the higher interest rates. Trading conditions, particularly in the folding carton industry, remained highly competitive.

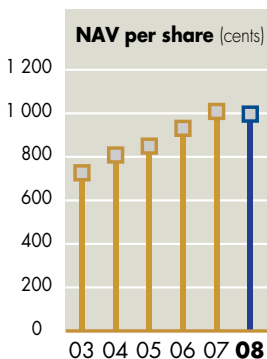
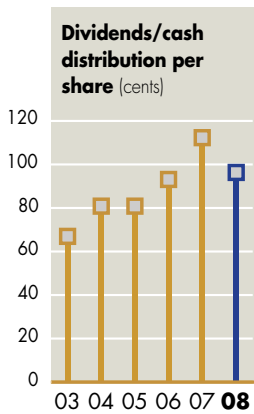
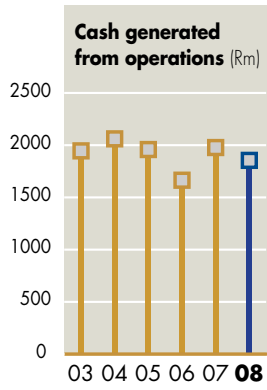
The global boom in commodities and higher oil prices resulted in substantial increases in the price of raw materials which, in many cases, could not be recovered in the short term.



Trevor Evans
Chairman

Overview of the financial year

Revenue increased by 8% to R18.5 billion whilst trading income before abnormal items decreased by 14% to R1.5 billion. The difficulty in recovering raw material cost increases resulted in a reduction of the gross margin. Factory closures at Crewkerne (Cartons) in the United Kingdom, Pietermaritzburg (Flexibles), East London (Cartons), Cape Town (Sacks) in South Africa, a loss of R20 million at the Nigeria metals business due to accounting



irregularities and the non-consolidation of the Zimbabwean operations also impacted on trading income. Finance costs were 39% higher than last year due to the capital expenditure programme, increased working capital and the higher interest rates.

Agreement was reached with the South African Revenue Service (SARS) on a number of tax issues and the contingent liability noted in last year's accounts has now been withdrawn. An amount of R250 million was paid to SARS in settlement of these issues. A provision of approximately R353 million was on the balance sheet for the matters in dispute and consequently R103 million was released from the provision.

Net profit for the year decreased by 51% to R516 million largely as a result of the impairment of goodwill and assets and an increase in finance costs.

The net impairment charge of R602 million to goodwill and fixed assets taken during the year, was mainly related to the European businesses. In Cartons Europe, goodwill of R231 million was written off as the assessment of future cash flows were negatively impacted by a number of factors. R306 million relating to the Healthcare U.K. businesses was written off as a consequence of a fire that completely destroyed the Thorpe site, which has resulted in a loss of revenue. Subsequent to year-end, a settlement was

reached with the group's insurers in respect of the fire for the amount of R271 million.

Headline earnings per share decreased by 4% from 184.6 cents to 177.3 cents.

In 2007, we announced several large capital investment projects. The Angolan beverage can line is under construction but due to higher building costs and a weaker exchange rate the cost of the project is estimated to have risen from R600 million to over R1 billion. However, the viability of the project is not threatened.

The R550 million paper mill at Rosslyn is in the process of being commissioned with start-up planned for early December 2008. Some R300 million was invested in refurbishing one of the glass furnaces. This project was completed successfully and has resulted in improved manufacturing efficiencies and increased capacity.

Cash distribution/dividends

At the release of the 2008 interim results, the group reduced its cash distribution payment. The cover ratio (1.6 times in 2007) could be justified during the years when there were limited growth opportunities. However, with substantial funds already allocated to growth projects and the crisis in financial markets it is considered appropriate to adopt a more prudent approach to the payment of dividends, and cover will probably increase towards two times.

The Bidvest offer

During the latter months of the year, BB Investments (Pty) Limited, a subsidiary of Bidvest Limited, accumulated approximately a 5% shareholding in Nampak Limited. On 4 September 2008, Bidvest announced an intention to acquire between 20% and 30% of Nampak's shares. Following a trading statement and response from the Nampak board on 26 September 2008 and a serious deterioration in the financial markets, Bidvest subsequently withdrew its offer to Nampak shareholders.

Shareholding

Allan Gray, Remgro, the Public Investment Commission, Oasis and BB Investments (Pty) Limited are the group's largest shareholders holding more than 50% of total shares in issue. 5% of our shares are held by a broad-based BEE consortium and a further 5% by our South African employees.

Transformation and sustainability

During the year, a formal board committee was established to place appropriate focus on this key area, and progress is reported on in this annual report.

Future strategy

Over the past few years, substantial streamlining of the Nampak business has taken place. Many factories have been shut and businesses exited.

Considerable investment has been made to ensure our production processes are modern, efficient and provide our customers with world-class products. A major investment has also been completed to upgrade the IT systems across the group.

Globally, the packaging industry has become a lot more competitive and we are conscious that group returns on assets and equity have been disappointing. Whilst these returns have been diluted by some major capital expenditure which has yet to deliver to its full potential, this deterioration has led to a comprehensive strategic review of the Nampak businesses.

Essentially, this review has resulted in the businesses falling into three broad categories. Businesses with attractive characteristics and deemed a good long-term fit with the group account for approximately 55% of Nampak's turnover. These businesses will be the focus of our capital expenditure programme. Those regarded as good but underperforming comprise 20% by turnover. We believe that these can be managed into the first category. The final category of businesses, accounting for approximately 25% of the group's turnover, has been placed under review for potential divestment. There will be a strong focus on preserving value when the decision is taken to exit businesses and the timing could be affected by the state of financial markets.



Cement sacks manufactured by Nampak Sacks

Furthermore, we believe there is still potential to unlock profit through the packaging excellence programme.

With the actions planned, reaching the targeted returns for the group is regarded as achievable within a three-year period. Clearly, there are concerns around the economy in the short term, but history has demonstrated that non-durables are usually less affected than durables in a downturn.

Two major investment opportunities in Glass and Tissue have been put on hold until conditions in the economy become clearer.

There have been some delays and cost increases on the Angolan beverage can project. However, it is still expected to come on stream in late 2009 and generate good profits in the future.

Prospects

The effects of the global financial crisis on the economies in which we operate are uncertain and make forecasting difficult. Whilst an improvement in trading income is expected, this will be negated by a higher interest cost and tax charge.

Directorate

During the year, a strategic review of the Nampak businesses led to an organisational structure change. Emanating from this change, Neil Cumming decided to take early retirement and resigned as a director with effect from 27 March 2008.

The full benefits from this strategic review will take a few years to materialise and John Bortolan will be retiring early to provide an opportunity for a new CEO to see this process through. John will retire from the group and the board with effect from 31 March 2009.

We are pleased that Andrew Marshall has agreed to join the group as CEO with effect from 1 March 2009.

After 18 years on the board, Robbie Williams has decided to retire with effect from 21 November 2008.

We are pleased that Roy Andersen and Phinda Madi have agreed to join the board. Roy Andersen will sit on the audit committee.



At the board's request, Buddy Hawton remained on the Nampak board beyond normal retirement age. He has declared his intention to retire during 2009. Further board appointments will be made during the course of next year.

Appreciation

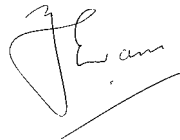
I thank Neil Cumming for his contribution to the group during his 22-year tenure. His influence was particularly valued in the role of group human resources director in the 1990s during the transition to the new South Africa.

Robbie Williams has had 18 years on the board of the Nampak group and I thank him for his wise counsel over that period.

The 2008 year has been challenging and I thank John Bortolan and Tim Jacobs and their teams for all the extra effort that has been required this year.

Our board and subcommittees have had to meet more than normal and I thank them for their commitment, guidance and contribution.

A special word of thanks to our customers, shareholders and suppliers for their continued support.



Trevor Evans

Chairman

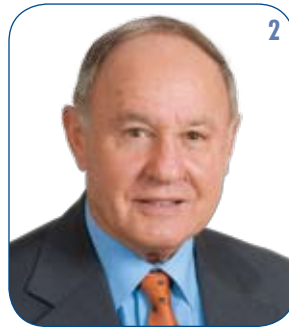
Sandton

21 November 2008



*Snackfood packaging
manufactured by
Nampak Flexibles*





Non-executive directors

1. Trevor Evans (63) BSc (Rhodes), SEP (Stanford)

Non-executive chairman. Chairman of the board of governors of Rhodes University. Non-executive director of Standard Bank from 2004 to 2006. Retired as executive chairman of Nampak on 30 September 2003. He was appointed chairman and chief executive officer of Nampak in 2000 and executive chairman of the group in 2001. He joined the group in 1967 and became group managing director in 1992. Appointed to the board in 1990.

2. Buddy Hawton (71) Fellow member of the Chartered Institute of Secretaries

Chairman of Sun International Limited and Woolworths Holdings Limited. Appointed to the board in 1991.

3. Michael Katz (64) BCom, LLB, LLM, LL.D (h.c.)

Executive chairman of Edward Nathan Sonnenbergs Inc. Currently serving on the boards of numerous companies including being the chairman of the National Housing Finance Corporation Limited and is a director of the Board of the Local Organising Committee, which is organising the South African 2010 FIFA World Cup. He is an honorary professor of company law at Witwatersrand University and course director of advanced company law at the same university. He was chairman of the Commission of Enquiry into certain aspects of the Tax System and he serves as a member of the Securities Regulation Panel. Appointed to the board in 1985.

4. Dr Reuel Khoza (59) BA (Hons) (Psychology), University of the North (now University of Limpopo); MA (Marketing), University of Lancaster, UK; Eng D (Business), University of Warwick, UK; D of Law (h.c.), Rhodes University

- Visiting Professor at Rhodes Investec Business School, Rhodes University, Grahamstown.
- Professor Extra Ordinaire at the University of Stellenbosch Business School, Cape Town.

Chairman of Aka Capital (Pty) Limited, Nedbank Group, Corobrik (Pty) Limited. Director of 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.

Co-author of *The Power of Governance*. Author of *Let Africa Lead*. Appointed to the board in 2005.

5. Keith Mokoape (61) BSc, MM (Human Resources)

Keith Mokoape is the general manager of the South African Army Foundation, and major general responsible for the South African Army Reserve. He holds several directorships, including in defence-related companies Sigma Logistic Solutions, Intertech and TeTech Projects, and the private

game reserve Singita Lebombo. He is a trustee of the Capespan Foundation. Appointed to the board in 1998.

6. Nosipho Molohe (44) BSc (Med) (Wits), BCompt (Hons) (Unisa), CA(SA)

Nosipho is currently the chief operations officer and a member of the executive committee at the Financial Services Board (FSB).

Nosipho qualified as a chartered accountant in 1999 after serving articles at Fisher Hoffman Sithole, now known as PFK Jhb. After completing her articles, she joined Akulalwa Capital (Pty) Limited, a BEE company involved in corporate advisory and private equity, as a finance executive. She was then appointed as senior manager: specialised funds management at Wvpcapital (Pty) Limited. After that, she went on to be the group financial executive at Viamax (Pty) Limited, a subsidiary of Transnet operating in the logistics and fleet management industries. Before joining the FSB as an executive, she was a financial director at Zico (Pty) Limited, which is a BEE investment company.

She is a member of the board of Illovo Sugar Limited (Illovo Sugar), The Petroleum and Gas Company of South Africa (Pty) Limited (PetroSA), joint board of MTN SA (Pty) Limited and MTN Service Provider (Pty) Limited, and the State Information Technology Agency (Pty) Limited (SITA). She also serves as a member of the audit committees of PetroSA, MTN SA, SITA and the City of Johannesburg. Appointed to the board in 2007.

7. Lot Ndlovu (57)

Lot Ndlovu is vice-chairman of the Nedbank Group. Previously he was CEO of Peoples Bank.

He is chairman of Nestlife Assurance Corporation Limited, The South African National Roads Agency Limited, Nakatomi Corporation, Community Growth Management Company, Crystal View Consulting, St. Anthony's Education Centre, Jomba Investments, True Class Consortium and November Ten Charities. He is a director at Mutual and Federal, Cross Continents Investments, Saxon Road Nominees, Sani Pass Management Company, Sani Pass Development Company and Sec-Tech. He is also a member of the Independent Commission for the Remuneration of Public Office Bearers, the Business Trust on Job Creation and Hope in Victory (a care-giving organisation for HIV patients).

He is a doyen of the black empowerment movement in SA. He was president of both the Black Management Forum (BMF) and the Black Business Council. The Black Economic Empowerment Commission was initiated by the BMF under his presidency.

Ndlovu studied business management at Unisa, Wits, North Western University (US) and Harvard Business School. He holds an honorary doctorate from Pretoria Technikon (now Tshwane Institute of Technology). Appointed to the board in 1993.

8. Roy Smither (63) BCom, CA(SA)

An executive director of Tiger Brands Limited until retirement in 2006. Currently serving on the board of Hans Merensky Holdings (Pty) Limited and on the credit committee of the FirstRand Banking group. Appointed to the board in 2006.

9. Thys Visser (54) CA(SA)

Chief executive officer of Remgro Limited. Currently serving on the boards of British American Tobacco plc, Distell Group Limited, Rainbow Chicken Limited, Medi-Clinic Corporation Limited, Kagiso Trust Investments (Pty) Limited, PG Group (Pty) Limited and Unilever South Africa Holdings (Pty) Limited. He is a chartered accountant who qualified with Arthur Young & Company in Cape Town before joining Rembrandt Group Limited where he held a number of positions, including financial director in 1991 and managing director in 1992. Appointed to the board in 2002.

10. Robert Williams (67) BA, LLB

Robbie Williams is currently chairman of Illovo Sugar Limited. He also serves on the board of Oceana Group Limited and Pescanova S.A. Appointed to the board in 1990.

Executive directors

A. John Bortolan (60) SEP (Stanford)

Chief executive officer. He began his career at Nampak in 1980 as the commercial director of Peters Papers, becoming its managing director in 1983. In 1986 he was appointed managing director of Nampak Tissue. In 1990 he became a director of Nampak Limited responsible for Foodcan, Paper Distribution, Tissue and Paper Manufacturing. In 1996 BlowMocan in the UK and Blow Molders were added to his portfolio. In more recent years he has also had responsibility for Corrugated, Printpak Limited and Liquid Packaging. He was appointed managing director of Nampak's South African and African businesses in 2000 and became group managing director in July 2001. On 1 August 2003 he was made chief executive officer of the group. Appointed to the board in 1990.

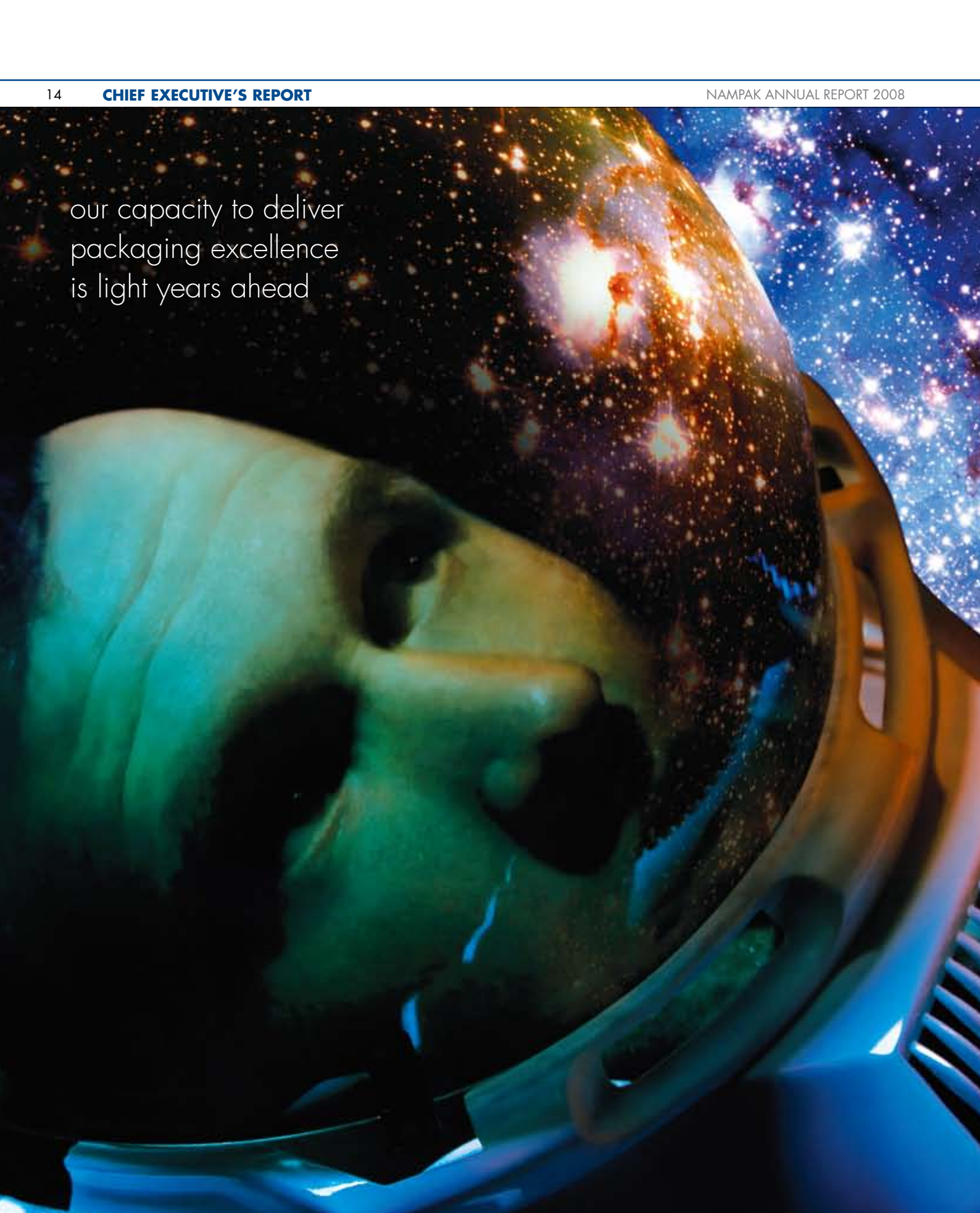
B. Tim Jacobs (39) CA(SA)

After qualifying with Ernst & Young he joined Air Liquide (Pty) Limited in 1996 as financial director.

He joined Nampak in January 2001 as group accountant and was appointed group financial manager in 2003. Appointed acting chief financial officer in June 2005, and appointed permanently on 1 October 2005. Appointed to the board in 2005.



1. **John Bortolan** (60)
Chief executive officer
2. **Charles Bromley** (45) *BSc Eng (Chem)*
Group executive: Metals and Glass
3. **Philip de Weerd** (54) *BSc Eng, MBA, SEP (Stanford)*
Group executive: Rigid Plastics
4. **Tim Jacobs** (39) *CA(SA)*
Chief financial officer
5. **Lynne Kidd** (48) *BA (Hons)*
Group executive: Compensation and Benefits, Sustainability and Shared Services
6. **Ephraim Msane** (46) *BSc Eng (Chem)*
Managing director: DivFood
7. **Minch Morais** (54) *BCom, HDip Acc, CA(SA), MBA, SEP (Stanford)*
Group executive: Information Technology, Marketing and R & D
8. **Rob Morris** (46) *Pr Eng, BSc Eng (Chem), BCom (Hons)*
Group executive: Paper and Flexibles
9. **Neill O'Brien** (54) *BProc*
Company secretary and group legal adviser
10. **Tom Reid** (46) *HND Mech Eng, BCom*
Managing director: Europe
11. **Fezekile Tshiqi** (54) *BA PGDHRM (Wits)*
Group executive: Human Resources
12. **Willie Wiese** (47) *Master Elect Eng, MSc Indus Eng, MBA (Wits)*
Group executive: Corrugated and Tissue



our capacity to deliver
packaging excellence
is light years ahead

we go further — capacity to deliver

Trading conditions in 2008

The business environment in both South Africa and Europe deteriorated during the year as a result of higher interest rates which in turn reduced consumer spending.

Demand, however, for non-durable goods in South Africa held up reasonably well and grew by approximately 2%. Nampak's South African sales volumes declined by 1%, partly due to extraneous factors such as poor fish catches and a shortage of carbon dioxide gas which affected beverage packaging sales.

Power outages as a result of load-shedding in the first half of the year caused interruptions in production with a consequent loss of income. Certain sectors of the packaging market, such as flexibles, folding cartons and corrugated, remained highly competitive.

The countries in the rest of Africa where we have operations, other than Zimbabwe, continued to experience growing economies. Nigeria remained the biggest contributor to our profits from the rest of Africa.

The economies of the European countries in which we operate were impacted by higher

interest rates and a general slowdown in economic activity. The folding carton and healthcare packaging markets remained highly competitive.

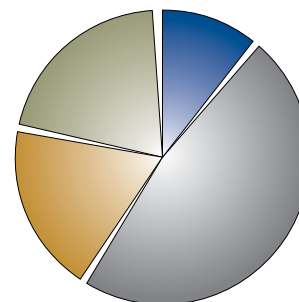
Raw materials

The global boom in commodities resulted in the prices of virtually all packaging raw materials increasing. Higher oil prices resulted in substantial and frequent increases in the price of polymer causing a lag in recovering the additional cost from customers. Paper and board prices also increased but, due to competitive pressures, the additional cost could not in all cases be fully recovered.



John Bortolan
Chief executive officer

Segmental contribution (trading income)



- group services
- metals and glass
- paper
- plastics

In Europe, higher folding carton board prices led to customers putting business out to tender, which resulted in pressure on trading margins. Tinplate prices also increased but the additional cost was largely recovered. Global demand and higher international prices of tinplate are expected to place pressure on costs in 2009.

The cost of raw materials and consumables increased to 51.9% of sales in 2008 compared to 49.9% in 2007.

Group performance

In the 2007 annual report, it was stated that the performance in 2008 was expected to be moderated by the loss of folding carton business in South Africa, the exclusion of Zimbabwe profits and the possible negative impact of a stronger rand. The year turned out to be more challenging than anticipated due to a number of factors which are dealt with below.

GROUP

Revenue increased by 8% to R18.5 billion whilst trading income decreased by 14% to R1 537 million. The gross margin declined from 45.2% in 2007 to 42.8% in 2008 due mainly to the difficulty in fully recovering higher raw material costs. Operating costs were well-controlled and increased by 7%. The trading margin decreased to 8.3% from 10.5% in 2007.

The following once-off items had a negative impact on trading income:

- The loss of R32 million of income from the Zimbabwean operations which are no longer consolidated.
- A cost of R20 million in respect of irregularities at the metals business in Nigeria.
- Power cuts in the first half of the year estimated at R15 million.
- An estimated R20 million loss of income caused by the carbon dioxide shortage.

	Revenue		Trading income*		Margin	%
	2008	2007	2008	2007	2008	2007
Rm						
South Africa	12 291	11 466	1 222	1 329	9.9	11.6
Rest of Africa	1 056	991	71	140	6.7	14.1
Europe	5 441	4 887	244	312	4.5	6.4
Intergroup eliminations	(330)	(330)				
Total	18 458	17 014	1 537	1 781	8.3	10.5

*Before abnormal items.

There were also a number of abnormal items totalling R587 million which reduced profit from operations, of which the more significant were the following:

- Impairment of goodwill and assets in the European paper segment totalling R550 million as a result of:
 - a strategic review coupled with a revision of future cash flows relating to the folding cartons business resulting in a decision to close the short-run factory at Crewkerne and to fully impair goodwill relating to the business on the continent; and
 - the fire at the Thorpe factory.
- Retrenchment and restructuring costs of R94 million.

Working capital increased by R160 million mainly due to higher raw material prices and greater holdings of strategic stocks. Capital expenditure totalled R1.6 billion. These contributed to increased borrowings and together with higher interest rates resulted in net interest paid increasing by 39% to R265 million.

Cash generated from operations increased by R98 million to R2.1 billion. Net debt increased from R1.9 billion to R2.6 billion and the net debt to equity ratio increased from 33% to 43%.

Headline earnings per share decreased by 4% to 177.3 cents.

SOUTH AFRICA

In total, volumes declined by 1% in South Africa. Sales of beverage cans for local consumption declined as a result of lower demand for beverages and a shortage of carbon dioxide gas, which prevailed for most

of the year. Demand for food cans was down due to poor fish catches and a lower quality pineapple crop, which could not be canned.

Sales volumes of corrugated boxes were lower than last year and whilst there was increased demand from the agricultural sector, demand in the commercial sector was down. Folding cartons were affected by the substitution of detergent cartons for flexible bags. Demand for tissue products continued at a high level during the year.

There was good demand for most products made of rigid plastics although beverage closure market share was lost as a result of customer preference for an alternative product. Sales of flexible plastic packaging improved but the market remained highly competitive.

Trading income for the region decreased by 8% to R1 222 million and the trading margin declined to 9.9% from 11.6% in 2007.

Capital expenditure of R1.1 billion was invested in a number of growth projects during the year, including:

- the completion of the R550 million paper mill at Rosslyn of which R424 million was spent in 2008;
- the rebuild of the Glass furnace amounting to R300 million of which 50% of the cost is borne by Wiegand Glas;
- a new diaper line costing R44 million of which 50% of the cost is borne by SCA; and
- a number of projects totalling R58 million in respect of improved printing and capacity increases in aerosol and meat cans.



*Wine bottles
manufactured by
Nampak Wiegand Glass*

REST OF AFRICA

The Zambian economy showed good growth and contributed to an improved performance. The strengthening of the Zambian kwacha however reduced rand-translated results. The business in Malawi benefited from increased sales of tobacco boxes.

Accounting irregularities at the metals business in Nigeria resulted in a loss of R20 million in the first half of the year. Additional controls were implemented including a revision of the management and governance structures relating to businesses in the rest of Africa. The folding cartons business continued to perform well but was affected by lower demand due to destocking by the major customer.

Trading income decreased to R71 million from R140 million and the trading margin deteriorated to 6.7% from 14.1% in 2007. The results from Zimbabwe, which were no longer consolidated as from June 2007, contributed R32 million to trading income in 2007.

An amount of R189 million was spent on the new beverage can plant in Angola, which is due to come on stream towards the end of 2009.

EUROPE

The plastic milk bottle business continued to perform well in pounds sterling and increased both sales and trading income.

Higher board prices resulted in customers in the long-run folding cartons business calling for new tenders. Whilst some business was lost, other business was gained, but in some cases at a lower margin. The short-run folding cartons business continued to struggle in a very

competitive market and it was decided towards the end of the year to close the operation based at Crewkerne in England.

A fire in July destroyed the Healthcare packaging factory based at Thorpe in England. The assets and loss of profits are covered by insurance.

Sales for the region increased by 7% to £370 million. Trading income however declined from £22 million to £17 million in 2008 due to lower margins in the paper segment and increased costs following the fire. Capital expenditure of £10 million was incurred mainly on the replacement of old equipment.

Sustainability

Improving sustainability performance forms part of the Packaging Excellence philosophy. Because of its diversity, Nampak is in a position to contribute to sustainable development. The group's packaging solutions can be developed in partnership with customers through a process of evaluating each product throughout the entire supply chain.

It is clear that issues of environmental responsibility have reached the forefront with customers, government and increasingly with consumers. Extensive recycling programmes are an important cornerstone in managing the impacts of products and services on the environment, as are the research and development initiatives that are undertaken.

In addition to managing Nampak's environmental impacts, broad-based black economic empowerment, the potential for job creation, health, safety and quality remain material to ongoing success.

Regular reviews and enhancements of talent management processes, structured training and development, market related remuneration and employee well-being contribute to meaningful employee relations.

Strategy

The past few years saw extensive restructuring with the closure of a number of factories and resultant reduction in employee numbers. Non-core businesses such as Peters Papers, NamITech, Polyfoil and European short-run Plastics were sold. Recent efforts were made to dispose of the group's entire European business but fair value could not be obtained.

There has been investment in new territories such as Angola and Nigeria and the group improved its empowerment rating through the sale of 10% of its shares to a broad-based BEE consortium as well as to its South African employees.

The three-year plan dealt with extensively in the 2007 annual report was developed further during the year. This involved a detailed portfolio analysis and a review of capital expenditure as well as a higher focus on cash management. The key components of the strategic plan are a restructure of the group's portfolio, the generation of value through the group's recent substantial investment programme and improving the performance of those businesses which are not achieving their full potential.

Portfolio review

A comprehensive portfolio review was undertaken that identified those operations that

fit with the longer-term objective of the group and which generate appropriate and sustainable returns on invested capital. These businesses are characterised by high barriers to entry or where there are competitive advantages and constitute approximately 55% of group revenue.

In addition to the above, there are a number of businesses where performance has been below full potential. These comprise approximately 20% of group revenue. Extra focus will be placed on these businesses to improve productivity, reduce costs and generate acceptable returns. The "Packaging Excellence" initiative, dealt with extensively in the 2007 annual report, was launched across the group during 2008 and will assist in achieving these objectives. The plan is to move these into the core category, which will then comprise 75% of the total portfolio.

The strategic review also highlighted those businesses which are non-core or underperforming. The group has placed these businesses under review for potential divestment. The businesses in this category comprise approximately 25% of the group's revenue but do not contribute materially to its trading income.

Given the prevailing economic and financial climate, it could take some time to dispose of these businesses for the required value.

The portfolio review is expected to generate cash, increase returns and improve the quality of earnings.



*Yoghurt tubs
manufactured by
Nampak Tubes & Tubs*

Investment programme

Projects totalling over R2 billion have been committed to the group's growth businesses and include:

- the R1 billion new beverage can manufacturing plant in Angola scheduled for completion in the second half of 2009, with a planned capacity of some 700 million cans per annum;
- the new R550 million corrugated paper mill in Rosslyn, which will be commissioned in December 2008 and is expected to reduce the cost of waste-based raw material thereby significantly enhancing its competitive position; and
- the R300 million upgrade of the glass factory furnace completed in July 2008, which has increased overall capacity.

Further expansion capital has been identified for the glass and tissue businesses.

Overall impact

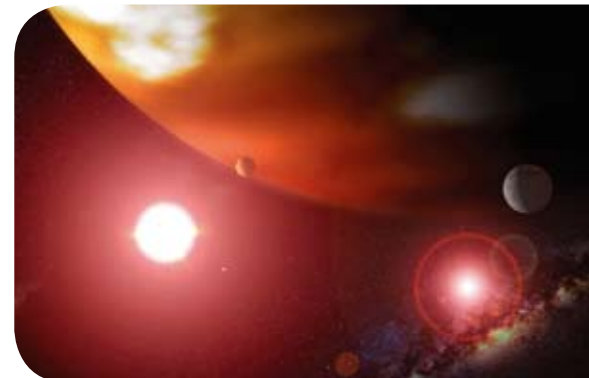
It is expected that the successful execution of this strategy will lead to achieving trading income growth above the South African rate of inflation and, a group return on net assets (RONA) of 20% within three years.

Current economic climate

Recent global events in financial markets have led to a slowdown in economic activity with economists forecasting that the downturn could continue for some time. This will result in lower consumer spending. However, the non-durable sector in which the group operates has historically been less affected and the group is well-placed to meet the challenges of this environment.

Prospects

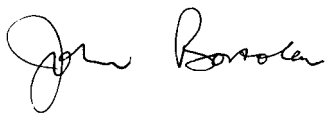
Notwithstanding the economic slowdown we expect an increase in trading income. However, this will be negated by a higher interest cost and tax charge.



Appreciation

As I will be retiring in March 2009, this is my last annual report. I would like to thank all our management and employees for their contribution over the many years and in particular for their support during the challenging times we have faced together. I am excited at the prospects of the strategic plan and I wish Nampak well in the confidence that the group is on a firm basis for achieving improved performance in the years ahead.

My thanks also go to our customers and suppliers for their continued support.



John Bortolan

Chief executive officer

Sandton

21 November 2008



*Aluminium aerosol can
manufactured by Nampak's
DivFood division*



our intercontinental footprint
makes packaging excellence
part of your world



reaching further – geographic footprint

At Nampak, Africa’s largest packaging company, we work in more than three dimensions by having a geographic footprint that stretches upward from South Africa and covers 10 countries in the rest of Africa and six countries in Europe.

Contribution to trading income

group services		2%
metals and glass	<p>Key highlights</p> <ul style="list-style-type: none"> • Beverage can volumes grew 2% • New beverage can plant in Angola under construction • More aerosol can capacity installed • Glass furnace successfully refurbished 	27%
paper	<p>Key highlights</p> <ul style="list-style-type: none"> • New paper mill • Good demand for fastfood packaging • Strong growth in toilet tissue sales • Nigerian folding carton factory completed 	45%
plastics	<p>Key highlights</p> <ul style="list-style-type: none"> • Substantial increase in polymer price • Increased demand for toothpaste tubes • Regained share of crate market • Good performance from Europe 	26%

group services

Group services include head office activities, procurement, treasury and property rentals.

The increase in trading income is due to the release of the unbundling provision of R43 million related to Malbak companies that is no longer required.

Group services				
	Revenue		Trading income*	
	2008	2007	2008	2007
Rm	359	281	39	44
Africa	—	—	128	79
Europe	359	281	39	44
Total	359	281	167	123

*Before abnormal items.

metals and glass

Managing directors

John Moyes (60)
Bevcan

Ephraim Msane (46)
BSc Eng (Chem)
DivFood

Stoney Steenkamp (37)
Mech Eng MBA (University of Wales)
Nampak Wiegand Glass

Africa

This segment remains the largest contributor to the group's trading income. Demand for beverage, vegetable and aerosol cans held up fairly well, but poor fish catches caused a reduction in sales of fish cans. There was good demand for glass bottles, but the refurbishment of a furnace restricted sales. The Nigerian operation was adversely affected by certain accounting irregularities.

Despite a shortage of carbon dioxide gas in the early part of the year affecting the filling of beverages, sales volumes of **beverage cans** increased by almost 2% in 2008. It is estimated that up to 136 million cans of soft drinks may have been imported due to the carbon dioxide shortage.

The construction of the new beverage can factory in Angola is under way and is expected



to be in commercial operation by August 2009. This facility will be equipped with an 1 800 can per minute line capable of manufacturing some 700 million cans per annum.

Once it comes on stream it will free up spare capacity for the South African and surrounding territories markets. The two manufacturing lines at the Springs factory will be upgraded to 1 800 cans per minute in 2009 and this will also provide some additional capacity.

Globally, tinplate prices have increased substantially and there is concern that this could result in the cost of beverage cans increasing commensurately in 2009.

Vegetable can sales, which are the largest segment of food cans, were well up on last year mainly as a result of increased demand for canned beans. **Fruit can** sales were lower than last year due to soil contamination in the Eastern Cape, which affected pineapple crops. Demand for **fish cans** was substantially below last year as a result of a lower allocation and poor catches off the Cape coast.

Aerosol can sales continued at the good levels of the past fuelled by a growing middle class and higher consumer spending. Additional aerosol capacity was installed



Metals and glass

	Revenue		Trading income*		Operating margin %	
Rm	2008	2007	2008	2007	2008	2007
Africa	5 061	4 728	751	805	14.8	17.0

*Before abnormal items.

during the year and further capacity is being considered in the coming year to meet demand which has been partly met by imports. **Paint can** sales were negatively impacted by the poor economic climate and continued to be affected by the conversion to plastic containers.

The metals businesses in the **rest of Africa** produce a range of food cans, other non-beverage cans and crown closures. The Kenyan operation was affected by the late picking of pineapples. Following the discovery of certain irregularities, a loss was incurred at the Nigerian operation. Additional controls have been implemented.

Nampak Wiegand Glass performed above expectations. The rebuild of the furnace was completed on time and has provided additional capacity. Manufacturing efficiencies are now at globally accepted levels and this, together with continued good demand, is expected to contribute to an improvement in performance in 2009.

The new third furnace is still under review given uncertain electricity supplies and increases in capital cost following the depreciation of the rand.

Volume growth in beverage, food and general line cans, as well as increased demand for glass bottles, are all expected to contribute to an increase in the trading income of the Metals and Glass segment in 2009.



Beverage cans manufactured by Nampak's Bevcan division

paper

Africa

Profits from this segment declined mainly as a result of closure costs of the cartons factory in East London, the loss of detergent carton business to flexibles, lower volumes of corrugated boxes, the late commissioning of the paper mill and the absence of trading income from Zimbabwe where the results are no longer consolidated.

In the first half of the year market share was lost in the commercial sector of the **corrugated box** market due to selectively eliminating certain unviable accounts. Most of this market share was regained in the second half of the year and, together with good demand from the agricultural sector, this limited the decline in volumes for the year as a whole.

The new paper mill at Rosslyn, which will make all the recycled brown paper for the converting business, will be commissioned in December 2008 and will result in significantly lower raw material input costs.

Selling prices were increased in August 2008 and, together with the benefits from the new paper mill, will contribute to an improvement in trading performance in the year ahead.

The business in **Malawi** benefited from increased sales of tobacco boxes.

As expected, the **cartons and labels** business in South Africa had a disappointing year in 2008 primarily as a result of the impact of the conversion from detergent cartons to flexible bags by Unilever. Additionally, there was a decline in cigarette carton volumes as a result of reduced cigarette demand, the conversion of the outer cigarette carton to flexibles and the transfer of some business to Nigeria. This work will be produced by our Nigerian operation.

There was continuing good demand for fast food cartons albeit at a slower pace than in previous years. The frozen food market, litho laminates and exports all showed good growth. A slowdown in beer consumption resulted in reduced demand for beer labels.

The East London factory was closed during the year at a cost of R25 million and production transferred to other factories in Gauteng, KwaZulu-Natal and the Western Cape.

Gross margins remained under pressure due to competition and cost increases in most inputs.

The construction of the permanent folding cartons factory in **Nigeria** was completed and the second manufacturing line was commissioned in the early part of the year. The operation continued to perform well although it was affected by reduced offtake from BAT Nigeria following a stock-reduction programme. Volumes are expected to recover in 2009.

Local demand for cement **paper sacks** was lower in line with the reduction in residential building activity which uses a high proportion of bagged cement. There was good demand for exports of cement sacks. Sugar bag volumes were well down on last year. A flood at the

Managing directors

Deon Breedt (54)

BMil (Comm), BCom (Hons)

Disaki Cores and Tubes and Redibox

Christiaan Burmeister

(45)

BAcc, BCom (Hons), CA(SA)

Corrugated

Tim Elliott (55)

BCom

Sacks

Leon Selzer (53)

Cartons & Labels

Japhta Sibiya (42)

BCom (cum laude), MBA (Wits)

Interpak Books

Malcolm Ward (57)

MI Biol

MY Healthcare



factory in Mobeni and the closure of the Cape Town factory had a detrimental once-off impact on trading performance for the year.

Redibox, which supplies smaller quantities of packaging direct to the public and other customers, had a difficult year and closed a number of retail outlets. Redibox manufacturing operations and the **cores and tubes** business were combined under one management structure. Both businesses were under severe competitive pressures and did not perform well during the year.

Interpak Books, in which a black empowerment company has a 25.1% share, achieved an improved result.

There was strong demand for **toilet tissue** and **diapers** and, together with improved manufacturing efficiencies and higher selling prices, contributed to an improvement in overall performance. Toilet tissue sales have been buoyant for a number of years and a project to instal additional capacity is well advanced. Timing of such an investment will rest on forecast future demand given the likelihood of a slowdown in the economy in 2009.

A much-improved performance is expected from the Africa Paper segment in 2009 with contributions from higher selling prices, the benefits of the new paper mill and minimal restructuring costs.

Europe

In **folding cartons**, the long-run business conducted from the Leeds and Hoogerheide

Paper						
	Revenue		Trading income*		Operating margin %	
Rm	2008	2007	2008	2007	2008	2007
Africa	5 121	4 818	253	337	4.9	7.0
Europe	3 312	3 050	41	112	1.3	3.7
Total	8 433	7 868	294	449	3.5	5.7

*Before abnormal items.

factories was affected by highly competitive market forces which in turn resulted in customers calling for new tenders and, whilst some volumes were retained, they were won at a lower margin. The short-run business conducted from the Crewkerne and Gillingham factories in the United Kingdom continued to operate in a highly competitive market and made a trading loss for the year. Negotiations were concluded with the workforce to close the Crewkerne operation and the costs of closure have been included in the year under review.

The **healthcare packaging** business was affected by a fire which destroyed the Thorpe factory in July resulting in increased costs and consequently depressed margins. The damage to assets and loss of profit was fully covered by insurance and the claim has been settled by the insurers.

An improvement in both sales revenue and trading income is expected from the European Paper segment in 2009.



Sandwich packs manufactured by Nampak Cartons & Labels



plastics

Managing directors

Chris Brink (46)
Closures

Eric Collins (45)
BSc (Hons), MCIPD
Nampak Plastics Europe

Johan de Smidt (43)
MDP/MBA (Open University
Business School London)
Elopak and Liquid Paper

Rob Francois (47)
BCom
L & CP and Foam

Dennis Holden (39)
BCom
Tubes and Tubs

Robin Moore (49)
BCom
Flexibles

Derek Perryman (47)
Rigids Plastics Africa

Willem Pienaar (43)
Dip (Business Administration)
University of Birmingham
Liquid Plastics and Petpak

Joel Sibanda (37)
BSc Mechanical Engineering (Hons),
MAP – Wits Business School
Megapak

Africa

The Plastics segment was significantly affected by frequent increases in the cost of polymer raw material and, whilst in many cases the additional cost was recovered in the market, there was often a lag in being able to do so. Loss of market share in beverage closures, operational difficulties in the tubes and tubs business and the inability to fully recover cost increases in the flexibles business resulted in a decline in trading income for the year.

A shortage of carbon dioxide affected sales volumes of **PET bottles** for carbonated soft drinks in South Africa. Profitability was also affected by the move of the bottling industry to in-plant manufacture which is at lower margin. Two in-plant operations were commissioned in 2008 with a further one due in 2009.

Market share was lost in beverage **closures** due to the major customer preferring an alternative product. The shortage of carbon dioxide also had a negative impact on sales. During the year the manufacture of all plastic closures was consolidated into one factory and

resulted in cost savings. There was good demand for metal closures, particularly wine screw-caps which are replacing the traditional cork. Additional capacity is being installed and, together with a new plastic closure for sports drinks, will provide additional sales in 2009.

Sales volumes of **high-density and PET plastic bottles** for milk and juice were marginally lower with demand weakening towards the end of the year. Two new operations were opened in East London and Botswana. There was strong demand for **sorghum beer cartons** but demand for **juice and milk cartons** manufactured and marketed in joint venture with Elopak, was not as buoyant.

There was substantial growth in sales volumes of sorghum beer cartons and plastic milk and juice bottles in **Zambia**. Additional capacity was installed in plastic bottles to meet the increased demand. More capacity for both cartons and bottles is planned for 2009.

There was good demand for **toothpaste tubes**, and 2008 marked the first full year of the market share that was regained in 2007. New **tub**



in-mould labelling capability came on stream in 2008 and was successfully marketed to a number of customers. Market share was lost in **paint pails** where demand was lower due to a decline in building activity. The operational difficulties in the tubes and tubs business have largely been overcome and new management is improving overall manufacturing efficiencies.

Market share previously lost in **plastic crates** was regained and there was good demand for both crates and large **plastic drums**.

A much-improved performance is expected from the rigid plastics businesses in the year ahead.

The **flexible packaging** sector continued to be highly competitive with both volumes and selling prices under pressure. The foil factory in Pietermaritzburg was closed and absorbed into the Pinetown operation. The second half of the year was characterised by significantly higher polymer, distribution and energy costs which were difficult to pass on in the marketplace. As a result of recent plant rationalisations and lower oil prices, an improved performance is expected in the year ahead.

The **laminated and coated products** business experienced low growth due to reduced exports and lower demand from the building industry. Equipment for the manufacture of

Plastics						
	Revenue		Trading income*		Operating margin %	
Rm	2008	2007	2008	2007	2008	2007
Africa	3 165	2 910	161	247	5.1	8.5
Europe	1 769	1 556	164	157	9.3	10.1
Total	4 934	4 466	325	404	6.6	9.0

*Before abnormal items.

products from expanded polyethylene foam for customers in the packaging, bedding, furniture, agriculture, automotive and other industries was commissioned in August and is expected to contribute positively to trading income from 2010 onwards.

Europe

Sales volumes of **plastic bottles** to the dairy market in the United Kingdom were at a similar level to last year. Sales revenue was higher as a result of higher selling prices following the increases in polymer prices. Trading income increased whilst the margin declined from 10.1% to 9.3% as a result of higher polymer costs which could not immediately be recovered.

Volumes are expected to remain steady in 2009.



Detergent packaging manufactured by Nampak Flexibles

packaging excellence takes
off with our research and
development



science of packaging

– financial discipline

Review of results

	2008 Rm	2007 Rm	Variance %
Revenue	18 457.5	17 014.4	8
Trading income	1 536.6	1 781.0	(14)
Abnormal items	(587.3)	(159.8)	
Profit from operations	949.3	1 621.2	(41)
Net finance costs	265.4	190.8	39
Income from investments	5.1	7.0	
Share of profit from associates	8.7	4.3	
Profit before tax	697.7	1 441.7	(52)
Income tax expense	202.4	385.8	
Profit after tax	495.3	1 055.9	(54)
Minority interest	(20.8)	1.7	
Profit for the year	516.1	1 054.2	(51)

The increase in revenue of 8% was driven mainly by price increases as group volumes fell 1.8% for the year. The decline in trading income of 14% was as a result of under-recovery of cost increases during the year as a number of divisions were challenged by the magnitude and frequency of key cost drivers that had not been built into initial selling price

negotiations. A full analysis of trading performance is included in the chief executive's report on pages 14 to 21 and the review of operations on pages 22 to 29 of the annual financial statements. An evaluation of the sources of change for 2008 is presented on page 32.

Tim Jacobs
Chief financial officer



	Turnover		Trading income	
	Rm	%	Rm	%
South Africa continuing operations	934.6	5.5	(103.1)	(5.8)
Rest of Africa constant currency	(51.4)	(0.3)	(29.8)	(1.6)
Europe constant currency	364.0	2.1	(90.5)	(5.1)
Translation	302.1	1.8	13.2	0.7
Zimbabwe (deconsolidated)	(68.2)	(0.4)	(32.5)	(1.8)
Disposed operations ¹	(38.0)	(0.2)	(1.7)	(0.1)
Increase/(decrease)	1 443.1	8.5	(244.4)	(13.7)

¹Tissue hygiene.

South African operations grew revenue mainly through price increases as volumes declined 1.0%. Trading income was down 5.8% with Paper and Plastics being particularly hard hit. Glass continued to deliver to expectations, although the rebuild of a furnace impacted results for the year. Tissue had a strong recovery off a low base in 2007 and is well positioned to deliver continued improvement in the coming year. While these two divisions have turned around, a number of other divisions have disappointed and significant management attention is being applied to these divisions to improve results.

In constant currency the contribution from the rest of Africa declined 1.6%, impacted by accounting irregularities relating mainly to stock identified in the Nigeria Metals business. These irregularities resulted in a one-off charge to the income statement of R20 million. The group has redefined the structure for managing divisions in the Rest of Africa with responsibility and accountability resting directly with the group executive member responsible for that cluster. Governance oversight is being exercised independently out of the finance function. The frequency of internal audit visits to high-risk countries has been increased. The group is confident that these measures will ensure that

the problems encountered in Nigeria in the past year do not repeat themselves.

In Europe, the Plastics division's performance was good, assisted by the one-off release of a rebate provision. Cartons Europe had a difficult year. Volumes were down 6.4% and the division had difficulty in recovering cost increases. Despite several productivity and cost-cutting initiatives, the performance of the Short-Run business did not improve, leading to a decision to close the Crewkerne site and to transfer volumes to the UK Leeds site. Similarly, the Healthcare division struggled to recover cost increases. In addition, a fire at the division's UK Thorpe site at the end of July completely destroyed the plant and has had a negative impact on results for the year with volumes down 4.4%. Management in Europe is working to re-establish manufacturing capabilities and to service customers from existing facilities where possible.

While the rand showed significant volatility throughout the year, the average rand/pound exchange rate was only 4.0% weaker over the period and had a muted effect on the group's results.

The group recorded net abnormal losses of R587.3 million for the year (2007: R159.8 million). The material items are commented on page 33.

	2008	2007
Abnormal items	Rm	Rm
Net impairment losses on goodwill, plant and equipment	601.7	6.7
Retrenchment and restructuring costs	94.4	31.5
Provision for onerous leases	64.7	—
Loss resulting from Thorpe fire	50.8	—
Europe strategic review costs	—	50.3
Net monetary adjustment – hyper-inflation	—	4.9
Insurance proceeds from Thorpe fire	(161.0)	—
Financial instruments fair value (gain)/loss	(25.6)	83.4
Net profit on disposal of property	(19.5)	(20.2)
Share-based payment expense on BEE transaction	(12.8)	20.0
Net profit on disposal of businesses	(5.4)	(16.8)
	587.3	159.8



*Cheese packaging
manufactured by
Nampak Flexibles*

A net impairment charge of R601.7 million was taken during the year. Of this, R568.9 million related to goodwill and R32.8 million to fixed assets, intangible assets and investments.

The impairment of goodwill related mainly to the European businesses. In Cartons Europe, goodwill of R231.3 million (£15.9 million) was written off as assessed future cash flows were impacted by the underrecovery of cost increases in the current year, and by the acceptance of lower margin business following a number of tenders. Goodwill of R305.6 million (£21.0 million) relating to the Healthcare UK businesses was also written off. This was directly as a consequence of a fire at the division's Thorpe site that completely destroyed the plant. Where possible, turnover was reallocated to other divisions, in some cases permanently. Approximately £2.8 million turnover was lost to competitors. The loss of revenue resulted in goodwill being impaired. Further goodwill of R32.0 million was written off, primarily as a consequence of closing the loss-making Flexpak site in South Africa.

Retrenchment and restructuring costs of R94.4 million includes R59.7 million relating

to the European Short-Run Cartons business, R8.0 million relating to the Flexpak site in South Africa and R15.9 million relating to the East London site of Cartons and Labels in South Africa. Turnaround efforts at the Flexpak site have proved unsuccessful and a decision was taken to close the factory to stem ongoing losses. Cartons and Labels closed its East London site after it lost certain of its detergent carton work that has been substituted by flexible carton pouches. The group retained this business in the Flexibles division.

Subsequent to year-end, a commercial settlement was reached with the group's insurers in respect of the fire in Healthcare Europe for an amount of R271.3 million (£18.7 million). Of this, R161.0 million (£11.1 million) relating to fixed assets and stock was considered reasonably certain to be recovered at year-end and has been included in the 2008 results as an abnormal item. The balance relating to business interruption cover was not considered certain and will only be recorded in the 2009 financial year.

Following the decision to close the Crewkerne site in the UK and given the extent

of the fire damage to the Thorpe site, a provision for onerous leases of R64.7 million has been raised against the remaining lease periods on the respective properties.

The loss resulting from the Thorpe fire of R50.8 million relates to the destruction of fixed assets and stock.

Net finance costs increased 39% to R265.4 million mainly as a result of increased borrowings to fund higher spend on capital projects and an increased investment in working capital during the year. In addition to the finance costs per the income statement, interest amounting to R58.0 million was capitalised to the Corrugated Paper Mill project and a further R1.5 million in Sancella. Increasing interest rates in South Africa and Europe also contributed to the higher net cost.

During the year, a settlement agreement was reached with the South African Revenue Service on a number of tax issues for an amount of R250.0 million. After deducting the payment made in March 2006 of R50.0 million, the balance of R200.0 million was paid in the current year. A provision of approximately R350.0 million was held on the balance sheet for the matters in dispute and consequently R103.0 million was released from the provision. This, together with a reduction in the South African company tax rate and the goodwill impairment charges of R568.9 million that are not deductible for tax, contributed to an effective tax rate of 29.0% for the year.

Headline earnings per share decreased 4.0% from 184.6 cents per share to 177.3 cents. Headline earnings were arrived at after adjusting for impairment charges and profit on disposal of property, plant and equipment.

Balance sheet

The deepening financial market crisis during the course of the 2008 year has had a major impact on the way the group views its balance sheet. In particular, gearing and cash flow generation have received significant attention.

As discussed in the 2007 annual financial statements, liquidity risk was highlighted as a concern as the majority of the group's banking facilities were short term in nature. During the year, the group closed out its £98 million consortium facility in Europe and replaced it with a three-year stand-alone facility of £30.0 million. This addressed liquidity risk on the European balance sheet and avoided significant commitment fees on the unutilised portion of the previous facility. On 30 September the group concluded a five-year, R1 billion term loan facility in South Africa. The group also placed its R750 million commercial paper programme throughout the year. Requests for funding have been issued for the Angola Can Line project.

Retirement benefit obligations increased significantly from R565.1 million to R1 129.1 million. This was primarily due to the unwinding and repatriation of the post-retirement medical aid asset (R366.5 million), that was held in an offshore vehicle, as part of the tax settlement discussion with the South African Revenue Service. This cash balance is no longer permitted to be shown as a plan asset and the liability is now reflected on a gross basis. In addition, volatile financial markets are causing valuations on pension liabilities in the UK to move erratically. At year-end the net pension liability increased £1.9 million compared to the previous year.

Capital investment of R1 576.0 million exceeded the prior year spend of R1 298.1 million but well behind forecast. The primary reason for the reduced spend was a delay in securing the necessary approvals in Angola which has slowed the pace of the project. The rebuild of the Glass furnace was completed on schedule and the Corrugated paper mill is in the final stages of commissioning. Capex spend generally is being re-evaluated given the delicate state of the financial markets, evidence of a continuing slowdown in consumer demand and the sharp

weakening of the rand. Timing of some projects are being revised to reduce risk on the group's balance sheet.

Spend on intangible assets reduced from R67.6 million in 2007 to R22.4 million in 2008. The rollout of the South African ERP system was concluded during the year and the project officially closed out. The European business system project is under way and one site went live in 2008.

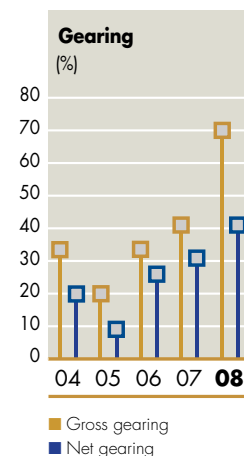
A breakdown of capital expenditure and intangibles by geography, as well as capital commitments, is shown below:

	Replacement Rm	Expansion Rm	Total Rm
South Africa	797.4	345.7	1 143.1
Rest of Africa	17.4	265.4	282.8
Europe	96.5	53.6	150.1
Total	911.3	664.7	1 576.0
Capital expenditure	908.3	645.3	1 553.6
Intangibles	3.0	19.4	22.4
Total	911.3	664.7	1 576.0
Capital commitments			1 187.7

Capital commitments reduced to R1 187.7 million at 30 September as the Glass furnace rebuild and the Corrugated paper mill have been completed. The planned investment in a HDPE plastic recycling plant in the UK discussed in 2007 was abandoned after difficulty in securing the necessary feedstock for the plant. Instead, the Europe Plastics division has secured contracts for the supply of recycled HDPE and is still on track to meet its targets of 10% recycled content by the end of 2009 and 30%.

Net gearing increased from 33% to 43%, while gross gearing moved from 43% to 72%.

The main contributor to the increased gearing was the higher level of capital expenditure and the tax settlement payment. Gross gearing increased significantly following the conclusion of the R1 billion term facility at year-end. The amount is shown as cash as most of the borrowings at 30 September was tied up in the commercial paper programme (R641 million) and three- to six-month short-term borrowings (R1 330 million) and set off could not be applied. The R1 billion will be used to repay the short-term borrowings as and when they fall due. The group's gearing position over the past five years is shown in the table:



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

	2008 Rm	2007 Rm	%
South Africa	2 737.3	1 913.4	36.8
Borrowings	3 954.4	1 984.2	
Cash	(1 217.1)	(70.8)	
Europe and Rest of Africa	(153.8)	11.4	
Borrowings	357.0	544.1	
Cash	(510.8)	(532.7)	
Net borrowings	2 583.5	1 924.8	34.2
Net foreign-denominated borrowings/(cash) analysed:			
UK pounds (£m)	(8.5)	(26.5)	
Euros (€m)	18.3	28.5	
US dollars (\$m)	—	(4.3)	
Nigerian naira (NGNm)	1 690.1	3 080.6	

The South African net borrowed position increased by R823.9 million during the year, mainly due to a R277.9 million increase in capital expenditure, and the payment of an additional R200.0 million after reaching a settlement agreement with the South African Revenue Service.

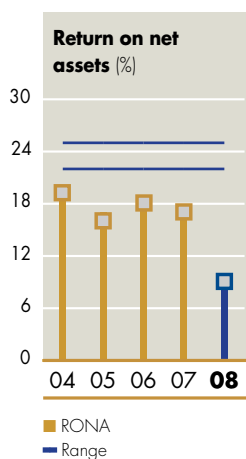
Strong cash flows in Europe, assisted by better working capital management, resulted in a net cash position at the end of the year. The loan covenant positions at year-end were all within their thresholds. During the year, Global Credit Rating Co. reviewed the group's credit rating for domestic debt in both Nampak Limited and Nampak Products Limited, the main South African trading subsidiary.

Short-term commercial paper (guaranteed by Nampak Limited)	A+
Short-term unsecured	A1
Long-term unsecured	A-

Cash flow

Cash generated from operations increased by R98.0 million to R2 143.3 million, mainly as a result of price increases through the year. While cash invested in net working capital was marginal at year-end, both stock and trade receivable balances were higher than the prior period. Raw material price increases, shortages of polymer, erratic supply of paper in South Africa and delayed start-up of the Corrugated paper mill have resulted in a R205.6 million increase in stock. Price increases and extended terms for export and agricultural customers impacted trade receivable balances, which increased R440.6 million.

Cash flow from operations was higher than the prior year at R879.4 million, despite an increase in net interest paid of R122.4 million and the payment of R200.0 million to the South African Revenue Service discussed previously. Distributions to shareholders increased 11.6% to R646.5 million.



Financial objectives

The group has set a number of financial objectives that it measures itself against. The current year results have been a set-back in terms of meeting these objectives. In addition, the financial market crisis and slowdown in consumer spending is a concern. In order to counter these factors and ensure that the group can reach its targets, the strategic plan has been revised following a thorough consideration of all alternatives and a detailed portfolio analysis. Details of the plan are given in the chief executive's report on pages 19 and 20. This review has led to a decision to review the timing of certain growth projects to reduce gearing in the short term.

With respect to financial targets, following the strategic review the group has adopted the target of achieving RONA greater than 20%, which should be achievable within three years. The group also aims to deliver trading income well ahead of the South African rate of inflation.

Performance against targets for 2004 to 2008 is shown in the graph. Years prior to 2005 are not restated for IFRS purposes.

Return on net assets declined in 2008 due to the higher level of capital expenditure that has not yet contributed to improved earnings. In particular, the commissioning of the Corrugated paper mill has been delayed, the rebuild of the Glass furnace reduced production capacity during the year and the spend on the Angola can line will only contribute to earnings in 2010.

Distribution

After a review of the group's dividend policy, the board considered it appropriate to increase the dividend cover to 2.0 times to help facilitate a reduction in gearing on the balance sheet. Accordingly, the board has reduced the distribution per share to 100.0 cents per share (2007: 115.0 cents per share). This results in a yield of 7.1% at 30 September 2008.

Contingent liabilities

Contingent liabilities decreased from R686.7 million to R18.4 million mainly as a result of a settlement with the South African Revenue Service over tax issues in dispute.

It was also previously reported that a complaint was lodged with the Competition Commission for alleged collusion with respect to the acquisition of cullet for glass container manufacturing and that this complaint had been referred to the Competition Tribunal for hearing. The matter has been settled.



Plastic milk and juice bottles manufactured by Nampak Liquid Packaging

Tim Jacobs
Chief financial officer

Sandton
21 November 2008

for the year ended 30 September 2008

S1 SIX-YEAR FINANCIAL REVIEW

GROUP FINANCIAL OBJECTIVES

Return

To achieve a return before interest and taxation of between 20% and 25% per annum on average net assets and for investment decisions to exceed the weighted average cost of capital of 13.4%.

Earnings

To achieve a growth in earnings per share of not less than the annual inflation rate plus the economic growth rate (gross domestic product).

Asset management

To manage the investment in inventories and receivables to its commercially lowest level.

Cash flow

To generate sufficient cash flow after absorbing increases in working capital, financing charges, taxes and dividends, to fund capital expenditure for replacement of fixed assets.

DEFINITIONS AND METHODOLOGY

Return

Profit from operations plus income from investments.

Equity

The aggregate of interest attributable to equity holders of the parent and minority interest.

Total assets

The net book value of property, plant and equipment (including investment properties), the carrying value of intangible assets, investments, deferred tax assets and current assets (excluding cash).

Gross operating assets

The net book value of property, plant and equipment (including investment properties), the carrying value of intangible assets, investments and current assets (excluding cash).

Net assets

Gross operating assets after deducting trade and other payables (including provisions).

EBITDA

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

Total liabilities

The aggregate of long-term and current liabilities (deferred tax is excluded).

Total borrowings

All interest-bearing debt.

Cash distribution/dividend declared per ordinary share

Current year interim dividend plus prior year final distribution/dividend per ordinary share.

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

Volume growth over growth in number of employees.

Ordinary shares in issue

Total shares in issue after adjustment for treasury shares.

Abnormal items

Items of income and expenditure, 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.

for the year ended 30 September 2008

		IFRS			SA GAAP		
S1 SIX-YEAR FINANCIAL REVIEW <i>(continued)</i>		2008	2007	2006	2005	2004	2003
STATISTICS							
Earnings and dividend data							
Weighted number of ordinary shares in issue '000		585 301	582 505	579 968	638 262	640 958	640 444
Headline earnings per ordinary share	cents	177.3	184.6	151.2	88.0	146.1	145.4
– Change over previous year	%	(4)	22	72	(40)	1	3
– Five-year compound annual growth rate	%	4	5	1	0	4	8
Earnings per ordinary share	cents	88.2	181.0	148.6	102.0	150.9	141.1
– Change over previous year	%	(51)	22	46	(32)	7	14
– Five-year compound annual growth rate	%	(10)	5	4	4	5	8
Cash distributions/dividends declared per ordinary share	cents	100.0	115.3	96.1	83.6	83.6	69.7
– Change over previous year	%	(13)	20	15	–	20	15
– Five-year compound annual growth rate	%	4	11	10	9	9	6
Cash distribution/dividend cover	times	0.9	1.6	1.5	1.2	1.7	2.0
FINANCIAL DATA							
Return on equity	%	9	18	15	12	19	19
Return on total assets	%	7	13	14	12	16	16
Return on net assets	%	10	18	19	17	23	23
Total asset turn	times	1.9	1.8	1.9	2.0	1.7	1.6
Gross gearing	%	72	43	36	22	36	42
Net gearing	%	43	33	28	11	22	27
Interest cover	times	4	9	13	12	11	7
Effective rate of tax	%	29.0	26.8	39.0	44.2	34.8	38.1
Number ordinary shares in issue	'000	585 650	583 481	581 235	641 888	641 574	640 571
Net asset value per ordinary share	cents	1 023	1 037	964	880	839	758
– Change over previous year	%	(1)	8	10	5	11	1
EMPLOYEE DATA							
Permanent employees		13 549	13 721	14 376	15 204	16 466	18 025
Temporary employees		2 194	1 868	1 825	2 498	2 656	1 672
Total employees		15 743	15 589	16 201	17 702	19 122	19 697
Employee numbers used for calculations		15 791	16 277	16 515	17 894	17 869	18 392
Revenue per employee	R'000	1 169	1 045	924	845	979	988
Employment cost per employee	R'000	231	209	189	190	202	198
Productivity per employee	Index	90	89	85	78	85	83
OPERATING RESULTS							
Revenue	R million	18 457.5	17 014.4	15 261.9	15 113.7	17 494.6	18 174.0
Trading income		1 536.6	1 781.0	1 508.5	1 311.0	1 801.6	1 257.0
Profit attributable to equity holders		516.1	1 054.2	861.8	651.3	967.1	903.5
EBITDA		1 700.2	2 322.9	2 196.3	1 889.0	2 433.5	2 519.2

for the year ended 30 September 2008

		IFRS			SA GAAP		
S1 SIX-YEAR FINANCIAL REVIEW <i>(continued)</i>		2008	2007	2006	2005	2004	2003
BALANCE SHEETS	R million						
Total shareholders' funds		5 991.9	6 049.5	5 603.9	5 651.6	5 415.9	4 947.8
Retirement benefit obligation		1 129.1	565.1	721.9	540.7	161.9	147.8
Deferred tax and other non-current liabilities		567.0	756.4	702.3	684.0	433.6	370.1
Non-current loans and borrowings		1 741.1	526.5	1 021.8	929.7	1 091.5	1 289.0
Current liabilities		6 085.9	5 135.1	4 374.0	3 473.5	3 975.6	4 354.9
Total equity and liabilities		15 515.0	13 032.6	12 423.9	11 279.5	11 078.5	11 109.6
Property, plant and equipment		6 746.6	5 666.9	5 217.9	4 819.5	4 228.1	4 255.7
Intangibles		473.1	1 079.3	1 093.3	1 062.3	1 240.4	1 092.3
Other non-current financial assets and deferred tax		310.2	296.5	312.1	210.9	55.0	117.6
Current assets		7 985.1	5 989.9	5 800.6	5 186.8	5 555.0	5 644.0
Total assets		15 515.0	13 032.6	12 423.9	11 279.5	11 078.5	11 109.6
CASH FLOW	R million						
– Cash generated from operations		2 143.3	2 045.3	1 734.9	2 026.0	2 130.2	2 006.9
– Cash retained from operating activities		232.9	230.9	402.8	561.6	391.6	906.1
– Additions to property, plant, equipment and intangibles		(1 576.0)	(1 298.1)	(781.0)	(847.6)	(995.6)	(884.4)
– Net increase/(decrease) in cash		2 246.9	(505.8)	(799.8)	423.7	(48.0)	17.9
SHARE PERFORMANCE							
Market price per share							
– Highest	cents	2 263	2 395	1 950	1 655	1 500	1 570
– Lowest	cents	1 223	1 800	1 490	1 385	1 230	1 100
– Year-end	cents	1 402	2 160	1 820	1 589	1 410	1 230
Number of ordinary shares in issue	'000	658 142	655 972	653 726	669 314	641 574	640 571
Market capitalisation*	R million	9 227	14 169	11 898	10 635	9 046	7 879
Volume of shares traded	'000	285 165	242 698	339 971	323 728	421 267	356 681
Value of shares traded	R million	4 653.8	5 131.9	5 720.2	4 977.6	5 614.6	4 610.5
Volume of shares traded as a percentage of total issued shares	%	43.3	37.0	52.0	48.4	65.7	55.7
Earnings yield*	%	12.6	8.5	8.3	5.5	10.4	11.8
Cash distribution/dividend yield*	%	7.1	5.3	5.3	5.3	5.9	5.7
Price/earnings ratio*	times	7.9	11.7	12.0	18.1	9.7	8.5

*Based on year-end market price.

for the year ended 30 September 2008

S1 SIX-YEAR FINANCIAL REVIEW <i>(continued)</i>	IFRS				SA GAAP	
	2008	2007	2006	2005	2004	2003
ECONOMIC INDICATORS						
The principal economic indicators applied in the preparation of the group results are shown below:						
Exchange rates						
Rand/UK pound						
– average	14.51	14.15	11.85	11.53	11.84	11.57
– closing	14.87	13.95	14.55	11.21	11.64	11.57
Rand/Euro						
– average	11.58	9.56	8.10	7.93	8.04	8.07
– closing	11.69	9.72	9.85	7.64	7.99	8.09
Rand/US dollar						
– average	8.07	7.18	6.57	6.24	6.61	7.13
– closing	8.28	6.87	7.77	6.35	6.44	6.92

S2 SEGMENTAL INFORMATION	Profit from operations as reported		Abnormal items		Trading income		Margins before abnormal items	
	2008 R million	2007 R million	2008 R million	2007 R million	2008 R million	2007 R million	2008 %	2007 %
Metals and Glass	756.0	751.1	4.8	(54.0)	751.2	805.1	14.8	17.0
Africa	756.0	751.1	4.8	(54.0)	751.2	805.1	14.8	17.0
Paper	(296.8)	388.1	(590.3)	(60.9)	293.5	449.0	3.5	5.7
Africa	229.3	290.2	(23.3)	(47.0)	252.6	337.2	4.9	7.0
Europe	(526.1)	97.9	(567.0)	(13.9)	40.9	111.8	1.2	3.7
Plastics	270.9	381.7	(54.4)	(22.4)	325.3	404.1	6.6	9.0
Africa	104.4	226.7	(56.6)	(20.4)	161.0	247.1	5.1	8.5
Europe	166.5	155.0	2.2	(2.0)	164.3	157.0	9.3	10.1
Group services	219.2	100.3	52.6	(22.5)	166.6	122.8		
Africa	177.4	59.8	49.3	(19.5)	128.1	79.3		
Europe	41.8	40.5	3.3	(3.0)	38.5	43.5		
Total	949.3	1 621.2	(587.3)	(159.8)	1 536.6	1 781.0	8.3	11.7
Geographical analysis								
South Africa	1 199.0	1 203.0	(22.7)	(125.4)	1 221.7	1 328.4	9.9	12.6
Rest of Africa	68.1	124.8	(3.1)	(15.5)	71.2	140.3	6.7	15.7
Europe	(317.8)	293.4	(561.5)	(18.9)	243.7	312.3	4.5	7.5
Total	949.3	1 621.2	(587.3)	(159.8)	1 536.6	1 781.0	8.3	11.7

at 30 September 2008

MAJOR INDIVIDUAL HOLDINGS

According to the register of shareholders as at 26 September 2008, the following shareholders controlled 5% or more of the issued ordinary share capital:	Number of ordinary shares held	% of issued ordinary shares
Allan Gray Investment Council	184 661 714	28.06
Industrial Partnership Investments (Remgro Limited)	78 096 694	11.87
Nampak Products Limited (Treasury shares)	45 070 855	6.85
Public Investment Corporation	39 967 840	6.07
Oasis Asset Management	35 699 016	5.42

Nominee disclosures

To the best of the directors' knowledge, having made enquiries of nominees and other registered holders of Nampak's ordinary shares, the following parties hold beneficial interests of more than 5% of such ordinary shares:

Industrial Partnership Investments (Remgro Limited)	78 096 694	11.87
Nampak Products Limited (Treasury shares)	45 070 855	6.85
Public Investment Corporation	39 967 840	6.07
Investment Solutions	34 426 157	5.23

Ordinary shareholder spread analysis at 30 September 2008	Number of shareholders	Number of shares held	% of total issued shares
Public	7 580	501 532 400	76.2
Non-public	17	156 609 361	23.8

Analysis of non-public ordinary shareholders

Industrial Partnership Investments (Remgro Limited)	1	78 096 694	11.87
Nampak Products Limited (Treasury shares)	1	45 070 855	6.85
Trustees of the Nampak Black Management Trust	1	27 369 195	4.16
Trustees of the Nampak Employees Share Trust	1	5 610 000	0.85
Directors and associates	12	411 239	0.06
Trustees of the Nampak 1979 Share Purchase Trust	1	51 288	0.01

Preferred ordinary shareholder spread analysis at 30 September 2008

Non-public	1	31 857 195	100.00
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Analysis of non-public preferred ordinary shareholders

Red Coral Investments 23 (Pty) Limited	1	31 857 195	100.00
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 directors		1 608 949	5.05

6% cumulative preference shareholder spread analysis at 30 September 2008

Public	62	400 000	100
Non-public	—		
Shareholding in excess of 10% of the 6% preference share capital	3	218 063	54.52

6.5% cumulative preference shareholder spread analysis at 30 September 2008

Public	24	100 000	100
Non-public	—		

Analysis of non-public 6.5% cumulative preference shareholders

Shareholding in excess of 10% of the 6.5% preference share capital	4	67 357	67.36
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sustainability
report

About this report

This report provides an account of Nampak's economic, social and environmental performance and activities for the period October 2007 to September 2008. It follows on from the 2007 report which also formed part of the annual report. Sustainability performance is reported annually and there have been no restatements.

The group has adopted an incremental approach to reporting on non-financial performance, aiming year on year for greater, pertinent detail on material social, environmental and economic indicators.

The content contained herein is relevant to all divisions of Nampak. Some information, such as the group's HIV/AIDS programmes and training and development data currently, relates only to the South African operations.

The process by which the contents of this report were defined is based on a combination of:

- the material issues facing the businesses and the industry;
- issues identified as important by stakeholders;
- sustainability issues that may come to represent significant risks, opportunities or impacts for the group; and
- Nampak's own core competencies and the manner in which they could contribute to sustainable development.

The 2008 sustainability report aims to comply as a Global Reporting Initiative ("GRI") level C reporter. A GRI content table is included at the conclusion of this report.

It is Nampak's goal in future years to have the specific material sustainability data subjected to assurance.

The contact for any queries on this report is Lynne Kidd, Group Executive: Compensation and Benefits, Sustainability and Shared Services.

JSE SRI Index

Nampak achieved a best performer rating in the 2008 review.



Summary of performance for year under review and future targets

Performance area	Key areas of work in 2008	2009 target
Strategy	The group has begun a strategic process of defining material sustainability impacts and opportunities	<ul style="list-style-type: none"> • Refine Nampak's sustainability strategy • Develop and refine group-wide standards and reporting requirements • Further quantify potential liabilities and/or opportunities from economic, social and environmental issues
Economic performance		
Black economic empowerment	Continue to improve performance in terms of broad-based black economic empowerment ("B-BBEE")	Continue efforts to improve the group's empowerment rating across all levels of the Department of Trade and Industry's ("dti") scorecard from the current level 7 to level 6
Procurement	Creation of B-BBEE database of Nampak suppliers	Complete the update of the procurement database with all supplier B-BBEE ratings. Nampak's target is to maximise its procurement contribution, where possible, to the DTI scorecard
Occupational health and safety		
HIV/AIDS	The Nampak employee HIV prevalence rate is lower than industry average. 68.5% of South African employees, and 98.9% in Swaziland and Namibia, have undergone voluntary counselling and testing ("VCT") on site. 94% of staff have received HIV and AIDS awareness training in South Africa, and 100% in Swaziland and Namibia	<ul style="list-style-type: none"> • 80% VCT take-up in the South African operations and training of employees on HIV/AIDS awareness • Develop strategies to address indirect business risks of HIV/AIDS such as the possible effect on the customer base and along the supply chain
Fatalities	Zero fatalities	Zero fatalities
Disabling injury frequency rate ("DIFR")	DIFR of 2.06	DIFR of 1.5



Performance area	Key areas of work in 2008	2009 target
Human resources		
Performance review	All of management level staff are subject to regular performance reviews	Relaunch of a standardised performance management system to include greater number of staff in regular performance reviews
Training and development	<ul style="list-style-type: none"> • Total of 4 516 staff trained • 79 managers attended various leadership and management development training courses • 261 shop stewards from five unions participated in a capacity-building exercise in order to extend the shop steward leadership potential • 199 registered learnerships and apprentices 	Develop documented training and development policies
Environment		
Environmental management system	Development of an Environmental Management System Manual to assist operations with implementing environmental policies and procedures	Hold workshops to assist divisions in conducting risk assessments to determine significant environmental impacts and assist with other implementation issues
Resource use and emissions	Various energy-efficiency initiatives	Define targets on energy use, water consumption, air emissions and effluents
Climate change – carbon footprint	Development of a carbon footprint calculator and begin data gathering to calculate the carbon footprint and carbon life-cycle analysis for Nampak products	Develop focused greenhouse gas emissions reduction plan and begin implementation
Recycling	<ul style="list-style-type: none"> • Continue participation in extensive metal, paper, glass and plastics recycling initiatives through, among others, Enviromark and Collect-a-Can • Nampak recycled 200 000 tons of paper for reuse during the financial year 	<ul style="list-style-type: none"> • Maintain active participation in various industry recycling partnerships • Increase paper recycling output by more than 100 000 tons per annum once the new brown paper mill is fully operational in 2009
Product and service innovation		
Research & Development ("R&D")	Nampak R&D continues to work closely with operations on several sustainable packaging projects to increase recyclability and reduce input materials	Together with customers, continue with various innovations and tests in order to put new products to market
Community involvement		
Community education initiatives	43 students on Nampak bursaries at universities and technikons	Maintain investment in initiatives that develop talented South Africans and provide Nampak with potential future employees
Environmental and conservation programmes	Invested a further R1.2 million in environmental and conservation programmes	Maintain current and identify additional suitable programmes

Sustainable development strategy

Nampak's packaging products contribute to the protection and prevention of deterioration of products, 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. These benefits 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.

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

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 performance and cost;
- is sourced, manufactured, transported and recycled using renewable energy;
- maximises use of renewable and 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; and
- is effectively recovered and utilised in biological and/or industrial cradle-to-cradle cycles.

** 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/about_sustainable_packaging.asp for further information.*

Nampak recognises the role it has to play in addressing its responsibility to provide products and services that minimise their impact on the environment and consumers. The group participates in extensive recycling initiatives and continues to invest significant time and resources into the development of more sustainable products. In the coming year, focus will be placed on refining the group's approach to sustainable development, to setting objectives and targets, and implementing systems for managing and measuring progress.

Stakeholders

The group has identified its key stakeholders as those groups which, through their support or lack thereof, can influence the group's performance in some way. They include:

- shareholders
- customers
- consumers
- employees
- unions
- suppliers
- communities and civil society
- government and legislators
- industry bodies

Nampak engages with its key stakeholders on an ongoing basis in a variety of ways. In brief, some of Nampak's engagement activities are described on page 48:

Stakeholder group	Method of engagement
Shareholders	One-on-one meetings, presentations, site visits, and Nampak's annual general meeting.
Customers	Ongoing interaction through R&D department where technical managers provide liaison for customer operational support. Customer champions are focused on anticipating customers' needs for advanced, cost-effective and internationally competitive packaging.
Consumers	Market research and focus groups to monitor consumer attitude and demand, as well as focused recycling campaigns.
Employees	Various employee forums and company communication channels including induction, briefing sessions, staff notices and the company intranet. The group also offers a confidential helpline service.
Unions	National framework agreements, plant level recognition agreements, as well as regular ongoing interactions and formal, monthly, quarterly and/or annual meetings as stipulated in various agreements.
Suppliers	Confidential helpline service and service level agreement meetings with group suppliers on a regular basis.
Government authorities and industry bodies	Ongoing, including meetings pertaining to various issues from regulation to competition. Nampak meets with the Department of Environmental Affairs and Tourism, and lobbies the government as part of industry associations, including the Packaging Council of South Africa ("PACSA"), Plastics Convertors Association ("PCA"), the Paper Recycling Association of South Africa ("PRASA"), the Paper Manufacturers Association of South Africa ("PAMSA"), and the Printing Industries Federation of South Africa ("PIFSA"), regarding issues that affect its business.
Communities and civil society	Through raising awareness and incentivisation of the need for recycling, as well as branded campaigns such as Collect-a-Can, Nampak engages with its neighbouring communities and civil society in ongoing upliftment programmes including crime prevention.

Governance

Nampak's board is ultimately responsible for providing supervision, guidance and direction on social, community and environmental issues that have a potential impact on the reputation and long-term economic viability of the company and stakeholders. To discharge its duties effectively, it mandated a board transformation and sustainability committee with effect from March 2008, whose ambit includes the following:

- Reviewing trends and issues of relevance for sustainability practices in the group.
- Defining the group's sustainability commitments and monitoring 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 participates in the JSE Limited's Socially Responsible Index or any other such index or rating as agreed.
- Providing guidance on policy frameworks in respect of sustainability issues such as code of ethics, environment (internal and external), corporate social investment and stakeholder engagement.
- Monitoring and reporting to the board on the group's progress on its sustainability commitments.
- Monitoring and reporting to the board on performance against the approved B-BBEE charter and providing guidance on ways to improve or enhance performance.

- Ensuring participation in an accredited ranking index as approved by the board.
- Monitoring and reviewing group corporate social investment.
- Reviewing the group's annual sustainability report for submission to the board for approval.

Further details on the committee structure can be found on page 71 of this report.

The recently established committee is building its members' competency both through internal resources as well as working closely with various consultancies and subject matter experts. These include sustainable development consultants from PricewaterhouseCoopers, Promethium Carbon and CIBA/PIRA (a UK-based company). The independent directors are experienced in issues relating to transformation and are also well-versed on community involvement.

Mechanisms for employees and shareholders to provide recommendations and direction to the board include regular consultations with employees through formal representation bodies such as unions and staff forums. The board is informed of material human resource and employee issues at least quarterly. Shareholders raise issues and approve strategic recommendations through resolutions at Nampak's annual general meetings. They also have access to the chairman of the company.

RISK MANAGEMENT

Nampak is committed to developing, implementing and maintaining strategies to minimise risks and ensure growth of the company for the benefit of its employees and other stakeholders.

Nampak's risk committee reviews the company's risk profile on a regular basis. Risk management is conducted by way of formal risk assessments completed annually at each division. Nampak's risk register provides an effective means of measuring and monitoring both financial and non-financial risks through effective controls.

A group-wide system of internal control is used to manage significant risks.

Environmental issues, retention and development of human capital, as well as safeguarding the group's reputation, are recognised as among the group's top risks. The strategies for dealing with these issues are highlighted in this report.

BUSINESS ETHICS

As a public company with international interests, safeguarding the Nampak brand is of critical importance. The highest standards of ethics, trust and non-discrimination are upheld. Compliance with the constitution and laws of the countries in which the group operates is required. Nampak's leadership and employees reflect the face of the brand as set out in its Code of Business Conduct.

Nampak employs the services of Tip-offs Anonymous, an independent, confidential whistle-blowing hotline service, as a solution to reporting and investigating dishonesty, fraud and other inappropriate behaviour in the workplace. It is available for use by employees, customers, suppliers, managers or shareholders. Cases of proven corruption, theft and fraud result in dismissal.

Economic impact

The group has 90 operations throughout South Africa and in a further ten countries on the African continent. It also has 26 operations in six countries in Europe.



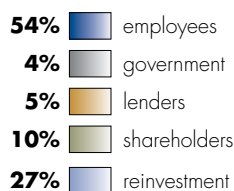
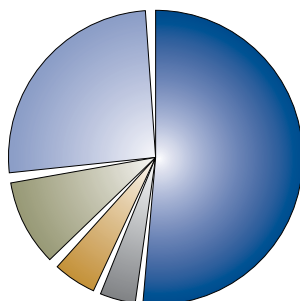
*Wine bottle container
manufactured by Nampak
Corrugated*

Group value added statement

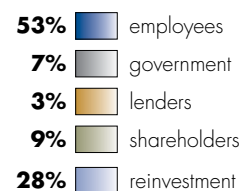
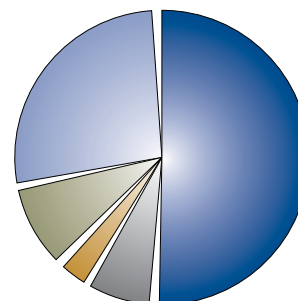
for the year ended 30 September

	2008 R million	2007 R million
Revenue	18 458	17 014
Cost of raw materials, goods and services	11 733	10 645
Value added	6 725	6 369
Income from investments	5	7
Wealth created	6 730	6 376
Distribution of wealth		
Employees (salaries, wages and other benefits)	3 664	3 397
Government (income tax)	250	435
Providers of capital (interest)	325	202
Shareholders (dividends)	645	579
Reinvestment	1 846	1 763
Wealth distributed	6 730	6 376
Dealings with government		
Gross contributions to government		
Company taxes	405.8	356.8
Rates and taxes	38.5	37.1
Customs and excise duties	11.0	14.5
	455.3	408.4
Other government grants	1.3	2.2
Charged against group income	454.0	406.2
Collected on behalf of government	1 886.3	1 259.6

2008



2007



Broad-based black economic empowerment

The Nampak group 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 B-BBEE Charter in 2004 against which progress is measured. The charter is reviewed and updated in line with legislative requirements.

Ownership

Currently, at least 5% of the shares in the group are held by its black South African employees and 5% by a B-BBEE consortium.

This consortium comprises:

- Aka Capital, which is chaired by Reuel Khoza, a leading businessman and one of the group's black non-executive directors;
- three of Nampak's other black non-executive directors, namely ML Ndlovu, KM Mokoape and CWN Moloape;
- 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.

Two operating divisions are partly owned by black shareholders. Altogether 30% of the shares in Disaki Cores & Tubes are owned by Seswiki Investments (Pty) Limited and 25.1% of the shares in Interpak Books are owned by Crosspoint Trading 45 (Pty) Limited.

Procurement

Nampak is currently implementing a targeted procurement strategy to increase its procurement from companies that have made significant

progress in the area of B-BBEE and are rated as Level 4 or above contributors. The Nampak target is to procure 30% of the value of Nampak South Africa's core procurement and 50% of its non-core procurement by 2013 from these suppliers.

Nampak scored 10.75% in the procurement category of the DTI's scorecard. Out of the total spend for the year under review, Nampak's spend had 56.9% B-BBEE recognition in value; 3.77% 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 2.11% was spent with black and black women-owned companies.

Enterprise development

Nampak's approach to enterprise development is to assist in the creation of new black businesses by facilitating access to finance and skills transfer, where appropriate, and to actively support small black enterprises to enable them to benefit from targeted procurement programmes.

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 develop potential markets for used packaging, which in turn will encourage collection, job creation and business opportunities.

Below is an example of a successful enterprise development initiative.

Nampak establishes the first B-BBEE sheet plant in South Africa

In line with Nampak's strategy and commitment to B-BBEE, the Rosslyn sheet plant was sold in October last year to Thebe Packaging, part of the Thebe Investment Corporation, following extensive negotiations on the part of Nampak

Corrugated and the union, CEPPWAWU. An important feature of the transaction was that 50 employees were retained in their positions and became shareholders in the new company.

To ensure the success of the sheet plant, Nampak has set up a range of support mechanisms and interventions such as technical and management assistance, preferential materials pricing and a buy-back agreement in terms of finished products.

Employment equity

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.

The group is fully compliant with the Employment Equity Act and the required reports are submitted timeously 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 executive:

human resources, are responsible for the setting of employment equity targets, taking into account the overall group objectives. The group's 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 Nampak divisions have met their employment equity targets as at September 2008. Nampak's target is to increase the number of disabled people in its employ in terms of its Charter to 3% from its current position of 0.56%.

Skills development and training

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 a focused skills development programme. Skills development committees exist at all South African operations to drive advancement at an operational level.

	Senior management		Operational management		Total	
	2008 %	2013 %	2008 %	2013 %	2008 %	2013 %
Black people	24	43	49	53	45	51
Black women	4	16	13	21	11	20

Nampak classifies its skills development into the following broad categories:

Leadership development	% target representation
Leaders in Packaging Excellence Programme ("LPE") This programme is aimed at senior operational managers who have a long-term potential for general and executive management positions.	50% black (20% black women)
Management Development Programme ("MDP") The programme focuses on leadership development of high potentials at a senior operational management level.	60% black (50% black women)
Tomorrow's Leader Programme ("TOM") The programme centres on supervisory staff that have the potential to fill operational management roles.	70% black (50% black women)
Business Excellence Programme ("BEP") The programme centres on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.	90% black (50% black women)
Graduate Development Programme ("GDP") 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%.	80% black (75% black women)
Bursaries and grants	% target representation
Bursary scheme and tertiary grants The company draws bursars, in appropriate fields, with an emphasis on Nampak-partnered schools and communities, to provide a feed into the Graduate Development Programme.	90% black (80% black women)

In the year under review, the following training in the above broad categories took place:

Programme	Target group	Candidates	% black
Leaders in Packaging Excellence ("LPE")	Senior operational managers	26	50
Management Development Programme ("MDP")	Middle management	17	82
Tomorrow's Leader Programme ("TOM")	Supervisors and first-line management	36	89
Business Excellence Programme ("BEP")	Production and clerical	36	97
Graduate Development Programme ("GDP")	Entry-level graduates	22	100
Nampak Sales Acumen Development ("NSAD")	Sales managers and representatives	31	52
Manufacturing Techniques	Production and manufacturing	37	86
Shop Steward Training ("SST")	Shop stewards	261	99

During the year, an extensive shop steward development programme was undertaken in South Africa where 261 shop stewards from the five unions participated. This was a capacity-building exercise in order to extend the shop steward leadership potential.

Nampak currently has 199 registered apprentices and learnerships in its various divisions.

Since 2001, the South African divisions have received refunds totalling R55.8 million from the Department of Labour as a proportion of the skills development levy. Nampak continues to play a significant role in the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority ("MAPPP-SETA") by ensuring that appropriate training is provided to the industry. Two senior Nampak managers serve on the executive committee of this organisation.

The overall number of employees trained in South Africa was 4 516 of whom 86% were black. They attended a range of occupational training courses, as well as industrial relations, productivity improvement, health and safety, first aid and fire-fighting.

African	2 320
Coloured	868
Asian	694
White	634
TOTAL	4 516

Socio-economic development

Nampak takes a structured approach to socio-economic development in its initiatives, focusing on the upliftment of South Africa's black youth in the areas of education, health and welfare, and environment. Nampak sets aside 1% of its worldwide profit after tax for these initiatives. The group's social investment initiatives are described in more detail on pages 63 and 64 of this report.

Environment

ENVIRONMENTAL MANAGEMENT

Nampak strives to create packaging that is balanced in terms of providing product protection and preservation, is cost-effective, creates maximum consumer appeal 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 environmental performance, measured by regular internal environmental audits that use ISO 14001 as a guideline;
- setting internal standards 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 manual is being developed to set the framework standards for operational implementation of related policies and procedures.

In the coming year, Nampak will be holding a number of workshops to assist the divisions in conducting environmental risk assessments to determine whether there are any additional significant environmental impacts.

Implementing the ISO 14001 Environmental Management System at Mobeni

As an environmental management system, ISO 14001 provides a framework for companies to manage their environmental impacts, risks and opportunities. With its awareness-based approach, ISO 14001 can also provide the impetus for companies to integrate environmental policies into its day-to-day operations.

In line with Nampak's environmental policy of encouraging its operations and divisions to

pursue ISO 14001 certification, DivFood Mobeni plant, one of the oldest plants in the Nampak group, was ISO 14001 certified in 2003. DivFood has found the process invaluable, particularly as a tool for helping it stay at the forefront of minimising potential environmental pollution impacts of its manufacturing process.

Implementation of the ISO standard as an environmental management system has assisted the operation in identifying and acting upon its various impacts, the most significant of these being:

- the improvement of air quality by measuring and monitoring stack emissions from the printing and aerosol factories as a result of the ink and lacquer-curing process;
- the improved management and safe storage of hazardous materials within appropriately partitioned areas, thereby reducing the number as well as the risk of potential spills;
- management and disposal of waste products and effluent in compliance with legal and other requirements locally and nationally. This can be seen in the current project in the Monobloc department to achieve and maintain legal compliance with pH, chemical oxygen demand, a measure of water quality which is monitored by local authorities, and sediment effluent quality limits while recycling waste water from the can-washing process;
- the subsequent improvement in working conditions by the monitoring and control of air contaminants and other pollutants within the working environment;
- the prevention of pollution of stormwater drains;
- the improvement of general hygiene standards; and
- the reduction of energy costs.

DivFood's commitment extends beyond meeting the minimum requirements of the standard. Ongoing environmental awareness training within the plant encompasses the entire workforce.

Environmental awareness talks are held every month for all departments, together with regular training workshops in waste management, spill control, handling and storage of hazardous substances and protection of stormwater drains. Training on the environmental management system also forms an integral part of the induction training for both DivFood employees and contractors. Interpak Books division also obtained ISO 14001 certification this year.

NAMPAK AND CLIMATE CHANGE

Climate change presents both risks and opportunities for Nampak. For a holding company as diverse as Nampak, with interests in paper, glass, metal and plastics, and with 115 manufacturing sites, Nampak facilities are susceptible to risks ranging from severe weather events, logistics interruptions and health and infected product risks in its operations in the subtropics.

As a packaging supplier, Nampak is indirectly exposed to the same risks as its customers. Nampak's agriculture and fishery customers are particularly at risk to climate change and its effects on drought, which could negatively impact crop yields, as well as ocean currents and thus fish supplies. Both events could result in reduced demand for Nampak's products.

Higher temperatures are likely to lead to increased quality control requirements on products to prevent spoiling, which may at the same time also present an opportunity for Nampak as customers may require more appropriate packaging. Higher ambient temperatures lead to increased consumer demand for beverages. Nampak's beverage canning, polyethylene terephthalate ("PET") and glass bottling, closures and label divisions would benefit from any resulting increase in demand.

Shifts in consumer attitude towards more sustainable, less energy-intensive products presents

a business opportunity for Nampak as it manufactures several products that can help businesses and consumers reduce their carbon footprint. This could be particularly applicable for agricultural customers 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.

In the United Kingdom, Nampak's operations will be subject to the government's target of 10% of electricity supply from renewable energy by 2010. The operations are presently reviewing strategies to mitigate risks associated with this requirement.

In South Africa, the government is in the process of developing air quality regulations for greenhouse gas emissions. The Minister of Environmental Affairs and Tourism has announced that South Africa will commit to emission reduction in one form or another. Other initiatives, such as the proposed Long-term Mitigation Strategy and the introduction of a 2c per kWh levy on electricity from South Africa's fossil fuel-based national grid in February 2008 to spur investment in low-carbon technologies, will also impact Nampak in the future. Nampak's gas emissions primarily come from the use of fossil fuels in boiler operations that produce steam and from electricity purchases.

Energy use is of particular concern to Nampak and operations are focusing on improving energy efficiency and associated emissions.

The carbon disclosure project (CDP 6)

Nampak participated in the CDP during the

year under review. The carbon disclosure project provides a coordinating secretariat for institutional investors with a combined \$57 trillion of assets under management. It seeks information on their behalf on the business risks and opportunities presented by climate change and greenhouse gas emissions' data from the world's largest companies.

As global understanding of climate change and the associated risks and opportunities continue 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 the climate system;
- technological innovations; and
- shifts in consumer attitude and demand.

In 2007, a total of 1 300 companies participated worldwide. This total included 77% of FT500. In South Africa in 2008, the top 100 companies listed on the JSE, including Nampak, were invited to participate in the CDP questionnaire.



Carbon footprint calculation

Nampak's R&D department has purchased a carbon footprint calculator through CIBA/PIRA (a management consultancy in Europe) with the aim of calculating the group's carbon footprint. A carbon footprint data template has been developed and provided to all the operations to complete in order to be able to do the calculation. Using energy consumption and manufacturing information from the divisions, Nampak will be able to calculate the carbon footprint and carbon life-cycle analysis for Nampak products.

This will provide the foundation data against which reductions in energy use and greenhouse gas emissions can be recorded together with the resultant cost savings. The 2007/2008 financial year will be used as the baseline year to calculate the carbon footprint for the group.

TOTAL ENERGY USAGE

The total energy usage in 2008 for the South African operations was 1 496 million kWh per annum. The primary energy sources are electricity, coal and liquid petroleum gas.

SPILLS

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

COMPLIANCE

Nampak was not fined for any sustainability related non-compliance issues during the reporting period.

ENERGY EFFICIENCY

Nampak's Rosslyn production facility has switched from coal-fired boilers to gas-fired boilers. The new boilers have already been commissioned and will substantially reduce the carbon footprint of the Rosslyn operation.

Other energy-efficiency initiatives 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 (such a survey is already in progress in the Corrugated operation);
- monitoring compressors and their loading;
- eliminating air 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.



To date, these energy-efficiency initiatives have resulted in savings of around 1.1% of the total energy usage, equating to 16 million kWh per annum.

RECYCLING

Packaging is a vital component of modern living, providing protection, portability, preservation and convenience as well as attracting consumers 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 its shareholders to create an incentive for people to collect cans. It operates across borders on the subcontinent, where cans of South African origin are sold.

The number of people earning or supplementing their income from this recycling initiative is approximately 40 000, of which 80% have no other formal means of employment. Over R300 million has been paid to collectors over the last 10 years.

Southern Africa is a world-leader in steel beverage cans recovery rates (70%). These figures make the can the most successfully recycled primary packaging in SA. It exceeds the latest published rates for the US and European Union, with SA ranking among the top six countries worldwide in terms of recovery rates.

In terms of source reduction, the weight of the 340 ml beverage cans has reduced from 73 g in 1995 to 31 g today.

Glass

Roughly 25% of glass produced in South Africa is recycled. Nampak, together with other industry players and government, participated in the restructuring of the South African glass recycling supply chain, and is 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. The Glass Recycling Company's target is to increase glass recycling to 50% within five years, from the current base of 25% of used glass bottles.

Nampak Wiegand Glass uses 35% to 55% of cullet, which is recycled waste glass, in the glass-making process, thus reducing energy consumption.

Paper

The recycling rate for recovered paper as a percentage of recoverable paper is 54.5%, as reported by the Paper Recycling Association of South Africa for 2007.

Nampak collects and recycles some 200 000 tons of paper waste per annum, which is used to produce tissue wadding and packaging papers at the paper mills. This will increase to some 300 000 tons once its new brown paper mill is fully operational in 2009.

Plastics

The Plastics divisions continue to participate in the Enviromark and other initiatives driven by the South African Plastics Federation. The Enviromark's main focus is on plastic education for the public, especially youth, as well as national clean-up campaigns. Nampak plastics executives are active at both the Plastics Convertors Association and the Plastics Federation Council in assisting with the various Enviromark initiatives.

Tubes and Tubs, a division of Nampak, recycles approximately 300 tons of waste plastics a year at its KwaZulu-Natal operation.

Nampak Polycyclers converts some 6 000 tons per annum of recycled polyethylene into crates, drums, refuse bins and buckets.

In terms of PET products, the focus is on source reduction and reuseability. The weight of the PET 2 litre bottle has reduced from 68 g in 1979 to 54 g today. The aim is to further reduce this to 52 g in the coming year. In addition, some PET bottles are returnable, encouraging reuse.

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 of Petco is the ongoing consumer and public education and awareness activities to encourage PET recycling. Petco fulfils the PET industry role of extended producer responsibilities. For 2007, 24% of beverage PET bottles have been removed from the waste stream or 17% of total PET market (18 734 tons post-consumer PET recycled in 2007). There are many end-uses for recycled PET in the form of:

- staple fibres (pillows, clothing and duvets); and
- geotextile fibres.

Reuse of recycled PET in new bottles should be a reality in the near future.

Megapak division played a leading role in the establishment of the Responsible Container Management Association of Southern Africa, which has as its objectives the development of a cradle-to-grave approach for 10 to 1 000 litre steel and plastic drums used mainly in the chemical industry and the promotion of responsible container management.

In Europe, the group is investing £1.1 million to handle recycled food grade material that will enable the use of up to 30% of post-consumer milk bottles as raw material for new bottles. This is a world first for high-density polyethylene and has been awarded a special Worldstar Award for Sustainability in 2008, one of only two awarded in the world.

In South Africa it is estimated that 50 000 collectors receive an income from the various collection and recycling initiatives across the different packaging material types. This is presently being researched by the Packaging Council of South Africa to determine the accuracy.

PRODUCT AND SERVICE INNOVATION

Nampak R&D department has an impressive 60-year track record, and is at the forefront of its field, standing amongst the global leaders in packaging science and technology. This division provides the group customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles.

The skills set is comprised of a team of highly trained scientists and technicians utilising the latest, state-of-the-art analytical and design tools. These experts have a formidable knowledge of materials science, chemicals 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 competition.

Shifts in consumer attitude and demand are researched in focus groups by both Nampak and its customers to enable R&D to keep pace with changing consumption trends.

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

Paper

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

Nampak's Corrugated division is aiming to increase the proportion of recycled paper in its board. Research is being conducted to strength test comparisons between recycled and virgin material in order to increase the use of recycled fibres.

In addition, an evaluation of coating materials to replace wax impregnation of board is being undertaken. Hydraban coating from an international supplier is a possible option as this is recyclable.

Plastics

Lightweighting of PET bottles is being driven by Petpak, and R&D is presently measuring carbonation retention and the physical properties to check their conformance with Coca-Cola's standards. Investigations will also commence into low-cost fillers (calcium carbonate) as partial replacement for polyethylene in bottles.

The group is actively monitoring the ongoing debate on the use of biodegradable plastics for packaging. As long as biodegradable plastics are not regarded as a viable option due to their contamination of the recyclable plastics stream, the group is promoting resource conservation and recycling initiatives.

Metals

Investigations into lightweighting both the two-piece and three-piece foodcan continue, with physical performance tests such as panelling and top-load of experimental lightweighted cans. This initiative, which was born out of a cost-saving exercise, will result in significant resource conservation in the near future. The division is participating in trials at customers' operations, filling experimental lightweighted cans for evaluation.

Lacquer systems for metal packaging

R&D is working actively with the metals coating suppliers to introduce and qualify an internal lacquer system with wide applicability for tinfoil foodcans, aerosol and paint cans. The introduction of this basic lacquer system will result in a reduction in the number of lacquers in use, thereby reducing the number of line wash-ups and change-overs, ensuring savings on solvents and overall costs.

Compliance of packaging – chemical migration

Together with suppliers, R&D is monitoring the local and international regulatory environment for changes which may impact on packaging compliance for food contact materials.

Optimisation of pack performance

Finite element analysis techniques are employed to optimise the strength of packaging and overall pack performance with respect to materials used. This provides for reduced lead times, cost savings and overall conservation of resource.

Product stewardship

Hazard Analysis Critical Control Point ("HACCP")

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. Compliance with HACCP forms part of the group's strategy to achieve Packaging Excellence, by which Nampak pursues the continuous improvement in quality in all aspects of its business. Altogether 18 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 Corrugated division runs the AIB (American Institute of Bakers) programme, which incorporates the HACCP programme.

European Union standards

Nampak conforms to EU standards which encompass production processes and include quality, hygiene, food safety, and packaging and labelling.

Certification

Altogether 46 Nampak operations, including Corrugated Swaziland, are ISO 9001:2001 Quality Management System certificated. Fulfilment of this international standard effectively provides assurance about the quality, safety and reliability of Nampak's products.

Meeting customer requirements

Nampak's customers require a high level of auditable production standards. Independent third parties conduct annual supplier audits at Nampak processing plants. These supplier audits focus on two main areas of concern, namely food safety and quality management. Food safety is based on HACCP standards, while quality management is based on ISO 9000.

In addition, Cape Town Epping Litho operation is the first ISO 22000 (the standard dealing with food safety) accredited packaging

company in South Africa, and one of the first in South Africa among all companies. The plant also recently received Forestry Stewardship Council Chain of Custody certification, which tracks certified material through all successive stages of processing, transformation, 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.

Social impact

OUR PEOPLE

Staff complement

Nampak has over 15 000 employees worldwide. In South Africa, where the headquarters and majority of operations are based, 10 093 people are employed, of whom 56 are disabled. In Africa, the staff complement is 2 592, and in Europe, 2 422. There are an additional 1 871 temporary staff in South Africa and 1 086 in the other jurisdictions.

Employee Assistance Programme (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 (no information is released without the person's consent), free (no payment is required by the employee) and voluntary (employees are not forced to use the service). Employees, whose work performance has been negatively affected by personal difficulties, may also be referred to the EAP programme by their senior.

HIV and AIDS

The South African operations have adopted a comprehensive HIV and AIDS awareness programme. Altogether 68.50% of employees have undergone voluntary counselling and testing on site and 98.90% in Swaziland and Namibia. Altogether 94% of staff received HIV and AIDS awareness training in South Africa and 100% in Swaziland and Namibia. The current prevalence rate is below that reported by other major manufacturing organisations in South Africa and employees are continuously encouraged to come forward for testing.

Occupational health and safety

The group complies with the Occupational Health and Safety Act or similar legislation in the respective countries. At factories, safety, health and environment committees are in place to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees. There were 16 incidents in which fingers were amputated as well as two major occupation-related surgical interventions despite laid-down safety procedures. The disabling injury frequency rate (DIFR), which measures lost-time injuries per 200 000 hours worked, was 2.06 for the year.

The Nampak Group Risk Control Standard covers all facilities in South Africa and the UK, as well as Cartons and 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 is then subjected to a peer audit by Willis before providing the assurance. The UK facilities are in the process of implementing a tailored health and safety audit system to comply with their

insurance requirements. In addition, Bevcan and Cartons and Labels divisions in South Africa 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 performs monthly checks. In Zambia, Nampak recently completed an environmental impact study for both its plants and these were submitted to the Environmental Council of Zambia for consideration and approval. While environmental legislation is still in its infancy in Zambia, Nampak periodically self-audits its environmental compliance at the Metals plant in Ndola.

People development

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 executive committee and divisional boards to identify employees with potential for advancement. Management training programmes are reviewed to ensure that they are aligned with the group's strategic requirements.

Staff spent an average of five days per annum in training. Around 85% of management level, team leaders and supervisory employees are currently subject to annual performance reviews, and Nampak is in the process of relaunching a standardised performance management system.

Employee relations

The group has 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 CEPWAWU, the National Union of Mineworkers of South Africa and SATU, as well as plant-based agreements with the General Industries Workers Union of South Africa and Solidarity and South African Chemical Workers Union. Collective bargaining mechanisms, safety committees, employment equity and skills development committees, and other participative forums are operational within the South African divisions. In South Africa, 66% of Nampak’s workforce is covered by collective bargaining agreements, compared with 23% of the workforce elsewhere in the world.

Collective labour and voluntary recognition agreements exist within the European operations. 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.

In 2006, Nampak and the 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.

Nampak’s intranet site provides employees with pertinent information about the group on a daily basis. An in-house newspaper, the *Nampak News*, is also distributed three times per annum and deals with company issues and news in more depth.

All wage settlements in the group were achieved without industrial action of any kind in 2008.

Benefits

A range of benefits is provided to full-time employees including medical insurance, retirement funding, employee assistance programmes, education assistance and awards for long service.

Educational assistance

Employees 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 the school fees for employees earning below a certain wage level for the period of one year and thereafter encourages personal savings to meet future school fee commitments.

Corporate Social Investment

Both through local economic development initiatives, which form part of the B-BBEE strategy, and its dedicated social investment programme, 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 2008, R6.4 million was spent in the following broad categories:

Category	R’000
Education	2 600
Health and welfare	1 250
Environment	1 200
Business Trust	862
Crime prevention	300
Various charities	200



Fruit juice carton manufactured by Elopak South Africa (a Nampak joint venture company)

Education

During the year under review, Nampak spent R2.6 million on education initiatives.

Scholarships were granted to 18 students to the value of R374 700 and 25 bursaries were awarded to the value of R750 000.

The bursary scheme, which has been operating successfully for many years, provides assistance to high-potential learners for continuing their education at tertiary institutions. Being a manufacturing organisation, the focus is mainly on those learners who are studying towards science, engineering and accounting degrees. Wherever possible, employment opportunities within the group are identified and offered to successful students. A total of 43 bursars are currently involved in the scheme.

Nampak's school-partnering programme is now in its sixth 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. Bursaries are also available to high-potential students. The current schools are:

- Lethulwazi High School in Vosloorus, Gauteng
- Amogelang High School in Soshanguve, Gauteng
- Lebohang High School in Boipatong, Gauteng
- Swelihle High School in Umlazi, KwaZulu-Natal
- Belhar High School in Belhar, Western Cape
- Luhlaza High School in Khayelitsha, Western Cape

The criteria for awarding Nampak Partnered Schools Bursary Scheme bursaries include the academic performance of candidates during their final matric year, with particular emphasis

on mathematics, science and accounting as well as the potential of such student for a future management position within Nampak.

Eco-Schools

The Eco-Schools programme is designed to encourage curriculum-based action for a healthy environment and to support sustainable development. It is an internationally recognised award scheme that accredits schools that are making a commitment to continuously improving their school's environment. Eco-Schools is a programme of the Foundation for Environmental Education, and the South African programme was launched in May 2003.

The group helped initiate this programme which was implemented by the Wildlife and Environment Society of South Africa in partnership with the World Wide Fund for Nature South Africa. In 2008, 890 schools were registered with the programme.

Recent highlights of the Eco-Schools programme include the following:

- 302 schools received an Eco-Schools award for their conservation efforts in 2007.
- The Special Awards Flag Ceremony for 5th year flag flyers took place at the beginning of the year in Umgeni Valley in Howick, KwaZulu-Natal, where all successful schools that had received their Eco-Schools flag for the 5th consecutive year attended.
- The Eco-Schools toolkit has been revised, and the new look and streamlined contents were well received by participating schools and educators.
- Government departments throughout the country are implementing the Eco-Schools programme.

G3 indicator	Description	Page
1. Strategy and analysis		
1.1	Statement from senior decision-maker	Reference to AR, page 7
2. Organisational profile		
2.1	Organisation's name	Front cover
2.2	Major products	Reference to AR, page 2
2.3	Operational structure and major divisions	Reference to AR, page 2
2.4	Location of headquarters	Reference to AR, ifc
2.5	Countries of operation	Reference to AR, ifc, page 3
2.6	Nature of ownership	Reference to AR, page 92
2.7	Markets served including geographic breakdown/sectors served/customers	Reference to AR, page 2
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	Reference to AR, page 39,40
2.9	Significant changes during reporting period	Reference to AR, page 92
2.10	Awards	Report, page 44, 59
3. Report parameters		
3.1	Reporting period	Report, page 44
3.2	Date of previous report	Report, page 44
3.3	Reporting cycle	Report, page 44
3.4	Contact point	Report, page 44
3.5	Process for defining report content	Report, page 44
3.6	Boundary of the report	Report, page 44
3.7	Limitations on the scope or boundary of the report	Report, page 44
3.10	Restatements of information	Report, page 44
3.11	Significant changes from previous reporting periods	Report, page 44
3.12	GRI Content Index table	Report, page 65
4. Governance, commitments and engagement		
4.1	Governance structure including committees	Report, pages 69 to 71
4.2	Indicate whether chair of highest governance body is also an executive officer	Report, page 68
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	Report, page 49
4.13	Significant memberships in associations and/or advocacy organisations	Report, pages 58, 59, 62, 63
4.14	List of stakeholder groups	Report, page 47
4.15	Basis for identification and selection of stakeholders with whom to engage	Report, page 47
4.16	Approaches to stakeholder engagement, including frequency and type	Report, page 48

G3 indicator	Description	Page
Economic performance indicators		
EC1	Direct economic value generated and distributed	Value added statement, page 50
EC2	Financial implications and other risks and opportunities due to climate change	Report, page 55
EC3	Coverage of the organisation's defined benefit plan obligations	Reference to AR, page 142
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Report, page 51
Environmental performance indicators		
EN3	Direct energy consumption by primary source	Report, page 57
EN5 (additional)	Total energy saved due to conservation and efficiency improvements	Report, page 57
EN23	Total number and volume of significant spills	Report, page 57
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Report, pages 58 and 59
EN27	Percentage of products sold and their packaging materials that are reclaimed by product category	Report, pages 58 and 59
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Report, page 57
Social performance indicators		
LA1	Total workforce by employment type, employment contract, and region	Report, page 61
LA2	Total number and rate of employee turnover by age group, gender and region	Report, page 61
LA3 (additional)	Benefits, provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Report, page 63
LA4	Percentage of employees covered by collective bargaining agreements	Report, page 63
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Report, pages 45 and 62
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Report, pages 62 and 63
LA9 (additional)	Elements of occupational health and safety management approach	Report, page 62
LA10	Average hours of training per year per employee by employee category	Report, pages 53 and 54

G3 indicator	Description	Page
LA11 (additional)	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Report, page 53
LA12 (additional)	Percentage of employees receiving regular performance and career development reviews	Report, pages 45 and 46
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Report, page 52
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	Report, pages 63 and 64
SO5	Public policy positions and participation in public policy development and lobbying	Report, page 48

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 complies with all the requirements for corporate governance of the JSE Limited and in the year under review complied in all material respects with the principles of the Code of Corporate Practice and Conduct contained in the 2002 King Report.

Board of directors

Nampak has a unitary board structure which from 21 November 2008 comprises two executive and eleven non-executive directors. All the non-executive directors are considered by the board to be independent with the exception of Messrs RJ Khoza and MH Visser. Mr N Cumming resigned as an executive director on 27 March 2008, while the following changes to the board have occurred since the end of the period under review:

- Mr RA Williams retired as a non-executive director on 21 November 2008.
- Messrs RC Andersen and PM Madi were appointed as non-executive directors on 21 November 2008.
- The chief executive officer, Mr John Bortolan, will relinquish his responsibilities as chief executive officer on 28 February 2009 and will retire as a director with effect from 31 March 2009. Mr AB Marshall has been appointed an executive director and chief executive officer to take effect on 1 March 2009.

The board's responsibilities are contained in a formal charter and 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.
- To oversee the company's disclosure and communication process.

The positions of chief executive officer and chairman are separated, with responsibilities divided between them for matters affecting the board and management.

The board meets at least six times per annum and the details of attendance in financial year 2008 are provided at the end of this report. All directors are subject to retirement by rotation and re-election by shareholders every three years, other than the chief executive officer during the period of his service contract. The reappointment of non-executive directors is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their

appointment. Biographical details of all the directors are set out on page 11 of this annual report.

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.

All directors have access to the advice and services of the company secretary. In appropriate circumstances they may seek independent professional advice about the affairs of the company at the company's expense. The director concerned would initially discuss and clear the matter with the chairman or the company secretary unless this would be inappropriate.

An orientation and induction programme for directors is in place. The chairman of the board is responsible for monitoring the performance of each individual director, while the chairman of each committee is responsible for monitoring the performance of the relevant committee and its individual members. A formal evaluation of the board was carried out during the reporting year by an external consultant.

BOARD COMMITTEES

The board has established four formal committees, including a transformation and sustainability committee which was formed during the year and took over the functions of the corporate social investment committee. The terms of reference and composition of each committee is set out below.

Remuneration and nominations committee

Members

T Evans (chairman)

DA Hawton

MM Katz

ML Ndlovu

Remuneration and nominations are combined into a single committee. The committee is chaired by the independent chairman of the company and in addition comprises three independent directors. The committee meets at least three times per year. The meetings are attended by the chief executive officer, but he does not participate in discussions regarding his own remuneration.

The committee met formally on four occasions during the financial year. It operates within written terms of reference.

The terms of reference provide direct authority to the committee to consider contractual arrangements of executives including general remuneration policy. The committee is authorised to approve executive remuneration that is fair and competitive at the

commencement of each financial year, after taking into account the business strategy and talent retention. In addition, the committee considers the structure, size and composition of the board, succession and retention.

The committee also reviews the executive recommendations for non-executive directors' fees and committee fee structures against market data before submissions to the board and finally shareholders at the annual general meeting for approval.

Audit committee

Members

RV Smither (chairman)

MM Katz

CWN Molope

RA Williams

(Note: Mr RA Williams resigned as a member of the committee on 21 November 2008 following his retirement from the board.

Mr RC Andersen was appointed as a member on 21 November 2008.)

The board appoints an audit committee at the commencement of each financial year. The committee is chaired by an independent director of the company and in addition comprises three independent, non-executive directors.

The committee operates within written terms of reference which were amended during the year to align with the requirements of the Corporate Laws Amendment Act which came into force in December 2007. 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 preapproval of any proposed contract with the auditor for the provision on 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;
- review of the process for financial reporting; and
- monitoring compliance with laws and regulation, 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.

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. During the year under review the committee met four times. At its meetings the committee reviews the group's financial results, reviews

and considers reports from the internal and external auditors on the results of their work and attends generally to its responsibilities. The committee chairman meets regularly with key executives to review issues which may require consideration by the committee.

During the year under review the committee 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.

Risk management committee

Members

TN Jacobs (chairman)

GE Bortolan

NP O'Brien

S Meisel

RV Smither

(Note: Messrs N Cumming and KM Kathan resigned as members of the committee on 27 March 2008 and 31 March 2008 respectively.)

The risk management committee operates within written terms of reference. It was formed in the 2003 financial year as a committee of the board, reporting to the board through the audit committee. The committee meets at least twice per year in the week before the meetings of the audit committee. The primary function of the committee is to establish and maintain a common understanding of the risk environment, to identify and agree the risk profile of the group, to coordinate the group's risk management efforts and to report to the board on the risk management work undertaken.

The board decided during the year under review to restructure the committee and to have the committee report directly to the board. In the new financial year the committee will be chaired by an independent non-executive director, Ms CWN Molohe, and in addition will comprise another independent non-executive director, Mr RV Smither, and two executive directors. Appropriate senior executives will be invited to attend committee meetings.

Transformation and sustainability committee

Members

ML Ndlovu (chairman)

KM Mokoape

The committee was formed on 6 March 2008.

The committee is chaired by a non-executive director and in addition comprises at least one further non-executive director. The committee meets at least twice per year and the meetings are also attended by appropriate executives including the chief executive officer.

Risk management

Accountability

The focus of risk management is on identifying, assessing, managing, monitoring and reporting material forms of risk across the group.

The board is accountable for the total process of risk management and internal control. Its policy on risk management encompasses all significant business risks to the group including strategic, financial, operational, technology and compliance risks.

The risk environment in which the business operates is ever-changing. Each level of management, from the board of directors downwards, is responsible for regular appraisals of the risk environment in which they operate, and to ensure that significant risks are identified, assessed, managed and reported on.

The risk management framework defines the company's risk management standards and procedures, which in turn guide how significant risks are identified, assessed, managed and reported on, and are based on the requirements of the King II Code of Corporate Practices and prevailing best practice. The group's risk management framework is aligned to the Committee of Sponsoring Organisations ("COSO") enterprise risk management framework.

Structure

Group internal audit is responsible for facilitating the risk management and assurance processes across the group. The internal audit programme is continuously aligned with the results of the risk management programme.

Risk assessment

Formal risk assessments are completed annually at each division and group support function using a proprietary risk management software and structured methodology. The group continuously benchmarks its enterprise risk management processes with prevailing best practices and enhances and aligns them therewith.

The risk assessment methodology used evaluates the possible impact of the risk assessed, and formalises the mechanisms and measures used to monitor, manage and control

those risks. These are reviewed at group level through a consolidated risk register.

The risk assessment process has determined the estimated value at risk of the group's top risks worldwide. The group's main residual risks (which are the risks after factoring in the implemented controls) identified by this process, as at 30 September 2008, listed alphabetically are:

- Currency volatility
- Effective and continuous supply of electricity
- Effects from global economic slowdown
- Environmental management
- Financial markets – liquidity and interest rate risk
- Global procurement trends
- Inbound supply chain dependency
- Market dynamics
- Reputation
- Retention and development of human capital

Risk response and assurance

A group-wide system of internal control is used to manage significant risks. This provides reasonable assurance that the company's business objectives will be met, even in the event of a disastrous incident impacting on activities.

Risks are further controlled and managed by group policies limiting exposure in specific areas such as finance, treasury, human resources, marketing, procurement, quality assurance, as well as external and internal insurance programmes. Furthermore, risk and control audits of all plants are carried out annually to check compliance against written standards and the occupational health and safety requirements.

The group seeks to maintain a sound system of internal control, based on its policies and

guidelines, in all material associates and joint ventures. Where this is not possible, the responsible directors seek assurance that significant risks are being managed in an acceptable manner.

Accountability and 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 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 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.

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 department.

The internal audit department is an independent appraisal function which 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 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 department reports directly to the chairman of the audit committee, but is responsible administratively to the chief financial officer. He may be dismissed or appointed only with the concurrence of the audit committee. The purpose, authority and responsibility of the internal audit department is formally defined.

The external auditor's annual audit plan is approved at a meeting of the audit committee. 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 91.

A breakdown in internal controls at Nampak Nigeria Plc was uncovered during the year under review. The amount involved was not material to the group and corrective action has been taken.

During the year under review, the audit committee determined the fees to be paid to the

external auditor and the external auditor's 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 preapproved 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
■ Consultancy services for the implementation of the ERP system	9.8
■ Taxation consultancy services	4.0
■ Human resource and other consulting	1.6

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.

Ethics

Nampak's Code of Business Ethics requires all directors and employees 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, permitted sources of, remuneration, outside employment, directorships, company funds and property, confidentiality, company records and communications, competition, insider trading, donations and sponsorships and employment and labour rights.

All employees are bound by the Code of Business Ethics.

Nampak operates Tip-offs Anonymous, 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 43 calls were logged during the year under review.

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.

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.

Attendance at board and committee meetings during the year ended 30 September 2008

	Board		Audit committee		Corporate social investment committee [†]		Transformation and sustainability committee		Remuneration and nominations committee		Risk management committee	
	A	B	A	B	A	B	A	B	A	B	A	B
GE Bortolan	7	7									2	2
N Cumming*	3	3									1	1
T Evans	7	7	1	1					4	4		
DA Hawton	7	6							4	3		
TN Jacobs	7	7									2	2
MM Katz	7	5	4	1					4	4		
RJ Khoza	7	6										
KM Mokoape	7	6			4	3	3	3				
CWN Molope	7	7	4	4								
ML Ndlovu	7	6					3	3	4	4		
RV Smither	7	7	4	4							2	2
MH Visser	7	6										
RA Williams	7	7	4	4								

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.

* Resigned with effect from 27 March 2008.

† Incorporated into the transformation and sustainability committee on 6 March 2008.

This report of the remuneration and nominations committee has been approved by the board. The associated tables of directors' remuneration, their pension entitlements, and the awards made in terms of the long-term incentive plans, including the share appreciation plan and performance share plan, have been audited by Deloitte and should be read in conjunction with this report.

The remuneration and nominations committee

The remuneration and nominations committee ("remcom") is a committee of the board and usually meets three times each year. Attendance at these meetings is shown on page 75.

The role of the remcom includes the following mandates:

- To consider general remuneration policy for directors and senior executives.
 - To approve remuneration packages for directors.
 - To approve managerial incentive bonus scheme structures, group financial targets and executive directors' individual performance criteria.
 - To recommend the trust deeds for the share schemes to shareholders and to approve allocations within the approved terms.
 - To approve executive service contracts.
 - To review recommendations from the company for non-executive director fees and to submit these to the board.
 - To consider the balance and effectiveness of the board, including its structure, size and composition.
 - To consider succession plans to ensure sufficient depth to meet manpower requirements.
 - To review the company's achievement in respect of employment equity and skills retention programmes. This role moved to the transformation committee during 2008.
- The minutes of these meetings are circulated to the directors. The remcom is entitled to use external consultants to seek advice on certain matters, and, to this end, appropriate experts have advised the remcom during the year. PricewaterhouseCoopers has advised on executive and non-executive directors' remuneration and the long-term incentive remuneration structures. Hay Group, Deloitte Consulting and Global Remuneration Solutions have provided benchmarks of pay levels for both executive and non-executive remuneration. No other services have been provided by these organisations. The chief executive officer attends the remcom meetings, except when his remuneration is discussed, and provides input to the committee regarding the remuneration of his direct reports.

MEMBERS OF THE REMUNERATION AND NOMINATIONS COMMITTEE

Membership criteria of the remcom are set out in the terms of reference, and the current members, who are considered by the board as being appropriately independent, are:

- T Evans (chairman)
- DA Hawton
- MM Katz
- ML Ndlovu

Whilst the remcom is responsible for nominations, it will be chaired by the group chairman with an appropriate balance provided by other independent non-executive directors.

Changes to remuneration policy during the year

There have been no significant changes to the remuneration policies of the company during the year.

Remuneration philosophy

NON-EXECUTIVE DIRECTORS

The board considers and recommends the fees of the non-executive directors, after taking into account the duties performed and market trends. Non-executive directors receive a fixed level of remuneration for their services based on their participation in board meetings and on 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 external consultants and the group compensation and benefits executive regarding market trends and current pay practices. Consideration is given to any changes in the levels of responsibility and complexity of the roles when assessing fee recommendations. These recommendations are then considered by the remcom and the board before being submitted to shareholders for approval. An increase to the non-executive directors' and committees' fees will be proposed for 2009 and the proposals are set out on page 88 and in the notice of annual general meeting. The fees earned by non-executive directors for the financial period under review are outlined in table 7(a).

EXECUTIVE DIRECTORS

The remuneration philosophy is designed to support the group's strategy of a performance culture through attraction and retention of the appropriate calibre of directors and senior executives. The remuneration components are structured to create a climate that motivates and supports high levels of performance from an individual contribution and team perspective. The attraction and retention of talent requires remuneration structures that are relevant, transparent and competitive when benchmarked against appropriate market survey data and practices in each jurisdiction. The annual cash incentive bonus combined with the longer-term share plans are structured to encourage sustainable superior growth in earnings through

the achievement of challenging performance criteria and are designed to align longer-term director remuneration directly to growth in shareholder wealth. The remcom considers that there is an appropriate balance in the weightings between guaranteed pay and on-risk pay.

EXECUTIVE DIRECTORS' REMUNERATION

The table below summarises the different elements of the executive directors' remuneration packages. Further details are provided on pages 79 to 86:

Remuneration component	Basis for determination	Delivery
Guaranteed package	<ul style="list-style-type: none"> ■ Based on market median considering the size and complexity of the role. ■ Certain directors, residing in South Africa, are responsible for operational roles offshore and receive remuneration for these activities. 	<ul style="list-style-type: none"> ■ Paid monthly in cash, and includes cash value of benefit payments such as pension and medical. ■ Annual review at year-end.
Retirement funding, assured benefit cover and healthcare	<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. ■ Medical aid cover funded by company on retirement if director was employed prior to 1 June 1996. 	<ul style="list-style-type: none"> ■ Annual review at year-end.
Incentive bonus	<ul style="list-style-type: none"> ■ Rewards directors and senior management for the achievement of financial growth. ■ Maximum potential capped at 120% of guaranteed package for chief executive officer and 100% for other executive directors. ■ Individual performance targets are set to a maximum of 30% of guaranteed package. ■ The balance is based on group financial targets. 	<ul style="list-style-type: none"> ■ Paid annually in cash. ■ Annual review at year-end.

Remuneration component	Basis for determination	Delivery
Share appreciation plan	<ul style="list-style-type: none"> ■ Rights conditional upon the group achieving specific performance criteria including headline earnings per share. ■ Alignment with shareholder objectives. ■ Motivate and retain talent at executive and senior management levels. ■ Three-year vesting, 10-year lapse. 	<ul style="list-style-type: none"> ■ Delivered in shares. ■ Subject to the achievement of normalised headline earnings per share performance conditions.
Share option plan	<ul style="list-style-type: none"> ■ Last allocations under the plan in 2004. ■ Motivate and retain talent at executive and senior management levels. ■ Three- to five-year vesting. ■ 10-year lapse period. 	<ul style="list-style-type: none"> ■ Delivered in shares. ■ No performance conditions.
Performance share plan	<ul style="list-style-type: none"> ■ Release of the shares is conditional upon the group achieving specific stretch performance targets including total shareholder return relative to a comparator group and headline earnings per share. ■ Alignment with shareholder objectives. ■ Three- to five-year vesting. 	<ul style="list-style-type: none"> ■ Delivered in shares. ■ 2007 allocation subject to total shareholder return and normalised headline earnings per share performance conditions.

Executive directors’ remuneration in more detail

GUARANTEED PACKAGE

Director job levels are established with assistance from external consultants after considering the 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. This information, together with an overview of published remuneration, provides the remcom with a sound base on which to make informed decisions.

The remcom 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, and future career progression. The targeted level of guaranteed packages for 2009 is the average market median of three survey providers. The remcom has discretion to approve guaranteed packages below or above the median where specific circumstances merit a differential.

Retirement funding, assured benefit cover and healthcare form part of the overall guaranteed package in line with general market trends. The company liability in respect of retirement funding and assured benefits has been capped for directors where the company meets the contributions as a fixed percentage of the guaranteed package. All directors are

participants in the defined contribution section of the Nampak Group Pension Fund. The total value of the contributions towards retirement funding is shown separately in table 1(a) on page 81 of this report. Directors who joined the company prior to 1 June 1996 receive postretirement medical aid cover funded by the company on retirement. The costs of providing for this benefit for directors and other key management have been included on page 170 of this report. The guaranteed packages earned by the directors are reflected in table 1(a) on page 81 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 remcom who bring experience from their participation on other remuneration committees and board positions. This experience, coupled with extensive local 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 primary focus of the incentive scheme for the financial year under review remained to reward directors and senior management for the achievement of challenging financial growth. The maximum potential incentive bonus for the year ending 30 September 2008 was capped at 120% of guaranteed package for the chief executive officer and 100% for the other executive directors.

The annual cash incentive provides for rewards to be paid for achievement against financial performance targets as well as individual delivery against identified strategic targets. During the period under review, the financial component under the incentive bonus scheme for directors was based on growth in normalised headline earnings per share. Normalised headline earnings per share targets exclude any fair value adjustments for financial instruments in order to remove the volatility from this non-trading adjustment when measuring performance. The maximum weighting allocated to individual performance criteria is 30% of guaranteed package.

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

The other component of the annual incentive bonus continued to be linked to the achievement of individual performance targets. Individual performance targets are reviewed by the remcom and cover 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 with the remcom holding overriding discretion.

For the financial year under review, the directors did not achieve the group financial target but did achieve the employment equity targets. 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.

Table 1(a): Executive directors' remuneration 2008

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Value of other benefits (rand) Note 2	Guaranteed package (rand)	Incentive bonus (rand) Note 3	Total remuneration 2008 (rand)
GE Bortolan	3 070 063	1 134 478	266 837	—	4 471 378	1 000 000	5 471 378
N Cumming*	1 733 911	—	148 956	7 981 527	9 864 394	—	9 864 394
TN Jacobs	2 046 514	281 800	164 361	—	2 492 675	650 000	3 142 675

*Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

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

Note 2: Other benefits comprise the value of leave pay due at retirement, retirement gratuity (R500 000), restraint of trade payment for 12-month period (R3 441 863), early retirement and notice pay (R3 858 137).

Note 3: Payment for resolution of certain strategic challenges.

Table 1(b): Executive directors' remuneration 2007

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Value of other benefits (rand)	Guaranteed package (rand)	Incentive bonus (rand)	Total remuneration 2007 (rand)
GE Bortolan	2 629 444	1 453 160	228 281	—	4 310 885	4 381 845	8 692 730
N Cumming	2 434 790	—	209 710	—	2 644 500	2 380 050	5 024 550
TN Jacobs	1 707 717	259 890	146 283	—	2 113 890	1 957 000	4 070 890

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

Share plans

THE NAMPAK 1985 SHARE OPTION SCHEME

The Share Option Scheme has not been used to grant awards since 1 December 2004. Details of the options exercised during the year and the options outstanding are set out in tables 2(a) and 3(a).

The share options granted in previous years have not had any performance conditions attached to them.

Table 2(a): Directors' share options 2008

Name	Balance at 01/10/2007	Options exercised during the year	Gains on options exercised (rand)	Exercise price (cents)	Date exercised	Balance at 30/09/2008
GE Bortolan	1 364 200	459 200	6 133 075	2 396	12/12/2007	905 000
N Cumming*	791 900	81 900	598 591	1 647	26/03/2008	710 000
TN Jacobs	190 000	—	—	—	—	190 000
T Evans**	1 100 000	—	—	—	—	1 100 000

*Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

**Share options allocated to Mr T Evans whilst he held an executive position.

Table 2(b): Directors' share options 2007

Name	Balance at 01/10/2006	Options exercised during the year	Gains on options exercised (rand)	Exercise price (cents)	Date exercised	Balance at 30/09/2007
GE Bortolan	1 364 200	—	—	—	—	1 364 200
N Cumming	791 900	—	—	—	—	791 900
TN Jacobs	190 000	—	—	—	—	190 000
T Evans*	1 100 000	—	—	—	—	1 100 000

*Share options allocated to Mr T Evans whilst he held an executive position.

Participants in the share option scheme could elect to receive trust loans in terms of the Nampak 1979 Share Purchase Scheme from the 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. Table 3(a) sets out the shares held by the directors, which were purchased using the loan facility.

Table 3(a): Summary of directors' share dealings in shares acquired through the Share Purchase Scheme 2008

Name	Balance at 01/10/2007	Purchases	Sales	Balance of shares purchased using loan facility at 30/09/2008	Effective selling price of shares during year (rand)	Total costs of shares sold during year (rand)	Gain for the year (rand)
GE Bortolan	59 400	—	—	59 400	—	—	—
T Evans	175 500	—	—	175 500	—	—	—

Table 3(b): Summary of directors' share dealings in shares acquired through the Share Purchase Scheme 2007

Name	Balance at 01/10/2006	Purchases	Sales	Balance of shares purchased using loan facility at 30/09/2007	Effective selling price of shares during year (rand)	Total costs of shares sold during year (rand)	Gain for the year (rand)
GE Bortolan	59 400	—	—	59 400	—	—	—
T Evans	175 500	—	—	175 500	—	—	—

PERFORMANCE SHARE PLAN

The performance share plan provides for the granting of performance share awards to executive directors and nominated senior executives on an annual basis. Release of the shares is conditional upon the group achieving specific stretch performance targets which are set by the board's non-executive directors at commencement of the three-year performance period. In order to align participant reward with shareholders' returns and to support retention strategies, one third of the released shares vests immediately on the release date, the second one third a year after the release date and the final one third two years after the release 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 40 excluding resource companies. The resource companies were excluded in order to improve the relevance of the comparator group. The combined TSR performance of certain other listed packaging companies was also included in the ranking scale. The company is currently ranked 14th out of 31 companies.

The 2007 allocation introduced a second performance condition for half the award, based on growth in normalised headline earnings per share on a linear basis between 5% and 15% per annum in excess of the consumer price index over a three-year period. The group's average TSR ranked against the TSR achievement of the constituent companies of the JSE 40, excluding resource companies on the date of the start of the performance period 1 October 2007 (which currently comprises 29 comparator companies), governs the vesting of the second half of the award. The company is currently ranked 29th of this comparator group.

The maximum value of performance awards is set by the board's non-executive directors each year after taking into account individual performance and contribution, future succession and retention aspects. External consultants provide sufficient information to ensure that the awards are market related and that the performance conditions can be regarded as sufficiently challenging. The annualised expected value for each director is in line with market benchmarks.

The performance target for the December 2008 allocations will be based on the achievement of TSR and improvement in headline earnings per share targets. The remcom will review the final targets at the allocation date.

Table 4(a): Directors' Performance Share Plan awards 2008

Name	Balance at 01/10/2007	PSP awarded during the year	Movements during the year	PSP vested during the year	Balance at 30/09/2008
GE Bortolan	315 000	291 540	—	—	606 540
N Cumming*	145 000	143 983	(176 346)**	—	112 637
TN Jacobs	110 000	143 983	—	—	253 983

*Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

**Portion of allocations forfeited due to early retirement.

The closing market price at the date of the award granted on 10 December 2007 was R23,19.

Table 4(b): Directors' Performance Share Plan awards 2007

Name	Balance at 01/10/2006	PSP awarded during the year	Movements during the year	PSP vested during the year	Balance at 30/09/2007
GE Bortolan	—	315 000	—	—	315 000
N Cumming*	—	145 000	—	—	145 000
TN Jacobs	—	110 000	—	—	110 000

*Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

SHARE APPRECIATION PLAN

The share appreciation plan provides the board's non-executive directors with an instrument to retain executive directors and nominated senior executives 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, senior executives and senior managers. These rights are conditional upon the group achieving specific performance criteria relating to real normalised headline earnings per share growth as set by the board's non-executive directors. 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. In order to align participant reward to that of shareholders and to support retention strategies, one third of the shares can be accessed immediately on the release date, the second one third a year later and the final one third two years later or five years after commencement of the original conditional award. All vested awards must be exercised within 10 years of the original conditional award date.

The performance target for the December 2008 allocations will be based on growth in normalised headline earnings per share in excess of the consumer price index over a three-year period. The remcom will review the final targets at the allocation date.

Table 5(a): Share Appreciation Plan awards 2008

Name	Balance at 01/10/2007	SAP awarded during the year	Movements during the year	SAP exercised during the year	Balance at 30/09/2008
GE Bortolan	—	146 955	—	—	146 955
N Cumming*	—	90 722	(78 122)**	—	12 600
TN Jacobs	—	90 722	—	—	90 722

*Retired from the Nampak Limited board with effect from 27 March 2008 and from the group with effect from 31 May 2008.

**Portion of allocations forfeited due to early retirement.

The closing market price at the date of the award granted on 10 December 2007 was R23.19. The strike price of R22.13 was determined with reference to the volume-weighted average price over the preceding 15 days.

The actual share options issued until December 2004 and the gains on the options exercised for the financial period under review for the directors are indicated in table 2(a). No further allocations will be made under the share option scheme.

DILUTION AND IFRS EXPENSE

The level of dilution of the share schemes is within the parameters set by the remcom and approved by shareholders.

The IFRS 2 expense recognised during the year in respect of past grants is set out in table 6(a).

Table 6(a): Recognised IFRS 2 expense during 2008

Name	Number at 30 September 2008 (rand)	Expenses recognised during year (rand)
GE Bortolan		
Options	905 000	265 452
Performance Share Plan	606 540	845 286
Share Appreciation Plan	146 955	—
N Cumming		
Options	710 000	146 622
Performance Share Plan	112 637	188 863
Share Appreciation Plan	12 600	—
TN Jacobs		
Options	190 000	105 983
Performance Share Plan	253 983	333 497
Share Appreciation Plan	90 722	—
T Evans		
Options	1 100 000	13 321

Table 6(b): Recognised IFRS 2 expense during 2007

Name	Number at 30 September 2007 (rand)	Expenses recognised during year (rand)
GE Bortolan		
Options	1 364 200	467 957
Performance Share Plan	315 000	628 706
N Cumming		
Options	791 900	261 181
Performance Share Plan	145 000	289 405
TN Jacobs		
Options	190 000	173 630
Performance Share Plan	110 000	219 548
T Evans		
Options	1 100 000	56 180

SERVICE CONTRACTS

The chief financial officer has a contract with a six-month notice period, as was the case with the former managing director: Africa region. The remcom reviews the notice periods with effect from 1 October each year. In the event of redundancy, executives would be entitled to an additional capped payment equivalent to a maximum of 60 weeks' pay in terms of the

Nampak redundancy policy. The chief executive officer is contracted to 31 May 2011.

NON-EXECUTIVE DIRECTORS' REMUNERATION IN DETAIL

The fees earned by the non-executive directors for the financial period under review are outlined in table 7(a).

Table 7(a): Non-executive directors' remuneration 2008

Name	Notes	Directors' fees (rand)	Audit committee fees (rand)	Remuneration and nominations committee fees (rand)	Transformation and sustainability committee fees (rand)	Total (rand)
T Evans	1	900 000	—	90 000	—	990 000
DA Hawton		120 000	—	48 000	—	168 000
MM Katz	2	120 000	60 000	48 000	—	228 000
RJ Khoza	3	120 000	—	—	—	120 000
KM Mokoape	4	120 000	—	—	48 000	168 000
ML Ndlovu	4	120 000	—	48 000	90 000	258 000
CWN Molope	5	120 000	60 000	—	—	180 000
RV Smither		120 000	120 000	—	—	240 000
MH Visser	6	120 000	—	—	—	120 000
RA Williams		120 000	60 000	—	—	180 000

Note 1: Mr T Evans continues to participate in the Share Option Scheme for allocations that were issued prior to his retirement from the group.

Note 2: Fees paid to Edward Nathan Sonnenbergs Incorporated.

Note 3: Fees paid to Aka Capital (Pty) Limited.

Note 4: Fees accrued in respect of transformation and sustainability committee.

Note 5: Fees paid to the Financial Services Board.

Note 6: Fees paid to M & I Group Services Limited.

Table 7(b): Non-executive directors' remuneration 2007

Name	Notes	Directors' fees (rand)	Audit committee fees (rand)	Remuneration and nominations committee fees (rand)	Corporate social investment committee fees (rand)	Total (rand)
PL Campbell	1	70 048	48 185	—	—	118 233
T Evans	2	850 000	52 500	84 000	—	986 500
DA Hawton		105 000	—	42 000	—	147 000
MM Katz	3	105 000	52 500	42 000	—	199 500
RJ Khoza	4	105 000	—	—	—	105 000
KM Mokoape		105 000	—	—	23 100	128 100
ML Ndlovu		105 000	—	42 000	—	147 000
CWN Molope	5	34 880	17 548	—	—	52 428
RV Smither		105 000	91 767	—	—	196 767
MH Visser	6	105 000	—	—	—	105 000
RA Williams		105 000	52 500	—	—	157 500

Note 1: Retired from the Nampak Limited board and audit committee with effect from 31 May 2007.

Note 2: Mr T Evans continues to participate in the Share Option Scheme for allocations that were issued prior to his retirement from the group.

Note 3: Fees paid to Edward Nathan Sonnenbergs Incorporated.

Note 4: Fees paid to Aka Capital (Pty) Limited.

Note 5: Appointed to the Nampak Limited board with effect from 1 June 2007. Fees paid to the Financial Services Board.

Note 6: Fees paid to M & I Group Services Limited.

The proposed increases in the level of fees payable to the non-executive directors for 2009 are set out in the table below. The previous duties in respect of the corporate social investment committee have been incorporated into the transformation and sustainability committee and the fees for 2008 are set out in table 8(b). A separate risk committee will be established for 2009.

Table 8(a): Proposed directors' fees and committee fees for 2009

	Proposed 2009 (rand)	Approved 2008 (rand)
Service as directors:		
Chairman of the board	975 000	900 000
Directors	130 000	120 000
Audit committee		
Chairman	130 000	120 000
Members	65 000	60 000
Risk committee		
Chairman	100 000	n/a
Members	52 000	n/a
Remuneration and nominations committee		
Chairman	100 000	90 000
Members	52 000	48 000
Transformation and sustainability committee		
Chairman	100 000	
Members	52 000	
Corporate social investment committee		
Member	n/a	26 400

The transformation and sustainability committee was established during 2008 and the proposed committee fees for 2008 are set out below.

Table 8(b): Proposed directors' fees and committee fees for 2008

Transformation and sustainability	
Chairman	90 000
Members	48 000

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for the year ended 30 September 2008

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 61 of 1973 and that all such returns are true, correct and up to date.



NP O'Brien

Company secretary

Sandton

21 November 2008

APPROVAL BY THE DIRECTORS

TO THE MEMBERS OF NAMPAK LIMITED

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 financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner as required by the Companies Act of South Africa and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

The directors believe that the company will be a going concern for the foreseeable future.

An audit committee, consisting of non-executive directors, meets periodically with the company's external auditors and executive management to discuss accounting, auditing, internal control and financial reporting matters.



T Evans

Chairman

Sandton

21 November 2008



GE Bortolan

Chief executive officer

for the year ended 30 September 2008

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 balance sheets as at 30 September 2008, and the consolidated and separate income statements, the consolidated statement of recognised income and expense, and the consolidated and separate cash flow statements 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 81 to 87 and pages 92 to 185.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Nampak Limited as at 30 September 2008, 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

21 November 2008

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit
DL Kennedy Tax & Legal and Financial Advisory L Geeringh Consulting L Bam Corporate Finance
CR Beukman Finance TJ Brown Clients & Markets NT Mtoba Chairman of the Board

A full list of partners and directors is available on request.

for the year ended 30 September 2008

NATURE OF BUSINESS

Nampak Limited is Africa's largest and most diversified packaging company with 65 operations in South Africa, 24 operations in 11 other African countries and 23 operations in Europe.

It produces packaging products from metals, paper, plastics and glass and is a major manufacturer and marketer of tissue products.

The group is actively engaged in the collection and recycling of all forms of used packaging.

Nampak is listed on the JSE Limited in the Industrial Goods and Services sector under "Containers and Packaging".

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa. The principal accounting policies have been applied consistently with the previous year.

BORROWING FACILITIES

Group gross borrowings at 30 September 2008 amount to R4 311.4 million (2007: R2 528.3 million). In terms of the company's articles of association, 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 15 to 29 and 98 to 185.

STRUCTURAL CHANGES

Three dormant subsidiary companies, Consolidated Corrugated Containers (Pty) Limited, Malbak Holdings Limited and Sun Packaging Investments Limited, were 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 2007	655 972 061
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme ("Option Scheme")	2 169 700
Issued at 30 September 2008	658 141 761

There were no changes to the issued preferred ordinary shares and the 6.5% and 6% preference shares.

SHARE PLANS

The Nampak 1985 Share Option Scheme ("Option Scheme")

A total of 2 169 700 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:

for the year ended 30 September 2008

	Ordinary shares	
	2008	2007
Balance at the commencement of the financial year	9 736 600	12 060 000
Options exercised during the year	(2 169 700)	(2 245 900)
Options forfeited	(482 300)	(77 500)
Balance at the end of the financial year	7 084 600	9 736 600
These options are exercisable over periods between 1 October 2008 and 1 December 2014 at an average price of 1 235 cents:		
Directors	2 195 000	3 446 100
Other employees and retirees	4 889 600	6 290 500
Total	7 084 600	9 736 600
Number of participants	87	119

The Nampak Limited Performance Share Plan ("PSP") and the Nampak Limited Share Appreciation Plan ("SAP")

The purpose of the PSP is to attract, retain, motivate and reward executive directors and senior executives, who are able to influence the performance of the group, on a basis which aligns the interests of such participants with those of the company's shareholders.

The purpose of the SAP is to retain executive directors and nominated senior executives as well as providing the chief executive officer with a means to attract, motivate and retain talent at senior management levels within the group.

The two plans may be summarised as follows:

The Nampak Limited Performance Share Plan

	PSP rights	
	2008	2007
Balance at the commencement of the financial year	1 295 000	1 295 000
Number of awards in conditional shares granted during the year:		
Executive directors	579 506	—
Senior executives	951 422	—
Forfeitures/cancellations	(473 494)	—
Balance at the end of the financial year	2 352 434	1 295 000
Number of participants	18	15

The Nampak Limited Share Appreciation Plan

	SAP rights	
	2008	2007
Balance at the commencement of the financial year	2 725 500	2 896 500
Number of conditional performance shares granted during the year:		
Executive directors	328 399	—
Senior employees	3 140 772	8 000
Forfeitures/cancellations	(832 583)	(179 000)
Balance at the end of the financial year	5 362 088	2 725 500
Number of participants	180	142

for the year ended 30 September 2008

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 2008 is summarised below:

Balance at the commencement of the financial year	30 395 534
Less: Awards granted in terms of the PSP during the current financial year	(1 530 928)
Less: Awards granted in terms of the SAP during the current financial year	(3 469 171)
Add: Options forfeited during the current financial year	482 300
Add: Awards forfeited in terms of the PSP during the current financial year	473 494
Add: Awards forfeited in terms of the SAP during the current financial year	832 583
Maximum available for future allocation	27 183 812

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 two plans.

DIVIDENDS AND CAPITAL REDUCTIONS

Details of dividends paid and the capital reductions ("cash distributions") out of share premium, dealt with in the annual financial statements, are shown below:

Class of share	Dividend/cash distribution number	Cents per share	Declaration date	Last day to trade	Payment date
6% cumulative preference	78	6.0	21/11/2007	25/01/2008	04/02/2008
	79	6.0	25/06/2008	25/07/2008	04/08/2008
6.5% cumulative preference	78	6.5	21/11/2007	25/01/2008	04/02/2008
	79	6.5	25/06/2008	25/07/2008	04/08/2008
Preferred ordinary	5	50.0	21/11/2007	n/a	31/01/2008
	6	50.0	22/05/2008	n/a	31/07/2008
Ordinary share cash distribution	5	28.0	22/05/2008	04/07/2008	14/07/2008
	6	72.0	21/11/2008	09/01/2009	19/01/2009

The important dates pertaining to the payment of cash distribution number 6 out of share premium are as follows:

Last day to trade ordinary shares "cum" distribution	Friday 9 January 2009
Ordinary shares trade "ex" distribution	Monday 12 January 2009
Record date	Friday 16 January 2009
Payment date	Monday 19 January 2009

Ordinary share certificates may not be dematerialised or rematerialised between Monday 12 January 2009 and Friday 16 January 2009, both days inclusive.

for the year ended 30 September 2008

DIRECTORS AND SECRETARY

The names of the directors and secretary in office at 30 September 2008 are set out on page 11 and on the inside back cover of the annual report.

Mr N Cumming retired from the group after 22 years' service and resigned as an executive director with effect from 27 March 2008.

On 19 September 2008, the chief executive officer, Mr GE Bortolan, announced his retirement to take effect on 31 March 2009, on which date he will also resign as a director of the company. He will relinquish his responsibilities as chief executive officer on 28 February 2009.

Mr AB Marshall was appointed an executive director and the chief executive officer of the company on 21 November 2008 to take effect on 1 March 2009. In terms of the articles of association of the company, confirmation of Mr Marshall's appointment will be sought at the forthcoming annual general meeting. Mr Marshall has an indefinite-period service contract with a notice period of six months.

After having served 18 years with the company as a non-executive director, Mr RA Williams retired on 21 November 2008.

Mr RC Andersen was appointed a non-executive director and a member of the audit committee of the company on 21 November 2008 and Mr PM Madi was appointed a non-executive director of the company on 21 November 2008. Messrs Andersen and Madi do not have service contracts as non-executive directors. In terms of the articles of association of the company, confirmation of Messrs Andersen's and Madi's appointments will be sought at the forthcoming annual general meeting.

Messrs TN Jacobs and MH Visser retire by rotation in terms of the company's articles of association but, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Mr Jacobs has an indefinite-period service contract with a notice period of six months. Mr Visser does not have a service contract as a non-executive director.

INTERESTS OF DIRECTORS

The total direct and indirect beneficial and non-beneficial interests of the directors of Nampak Limited in the issued ordinary share capital of the company as at 30 September 2008 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2008	2007	2008	Option prices (cents)	Date of grant	2007
Beneficial interests						
Executive						
GE Bortolan	59 400	59 400	—	1 060	30/07/98	59 200
			215 000	1 050	01/12/00	215 000
			—	1 060	14/12/01	400 000
			200 000	1 326	25/07/02	200 000
			300 000	1 234	27/11/03	300 000
			190 000	1 495	01/12/04	190 000
N Cumming**	—	—	—	1 060	30/07/98	44 400
			—	745	31/08/98	37 500
			100 000	1 050	01/12/00	100 000
			250 000	1 060	14/12/01	250 000
			80 000	1 326	25/07/02	80 000
			180 000	1 234	27/11/03	180 000
			100 000	1 495	01/12/04	100 000
TN Jacobs	—	—	20 000	1 060	14/12/01	20 000
			20 000	1 326	25/07/02	20 000
			50 000	1 234	27/11/03	50 000
			100 000	1 495	01/12/04	100 000

for the year ended 30 September 2008

	Ordinary shares		Options to purchase ordinary shares*			
	2008	2007	2008	Option prices (cents)	Date of grant	2007
Non-executive						
T Evans	175 500	175 500	250 000	1 050	01/12/00	250 000
			66 800	1 060	14/12/01	66 800
			433 200	1 060	23/01/02	433 200
			241 800	1 326	25/07/02	241 800
			108 200	1 280	31/01/03	108 200
DA Hawton	2 700	2 700	—	—	—	—
MM Katz	—	—	—	—	—	—
RJ Khoza	—	—	—	—	—	—
KM Mokoape	—	—	—	—	—	—
CWN Molope	—	—	—	—	—	—
ML Ndlovu	—	—	—	—	—	—
RV Smither	8 190	8 190	—	—	—	—
MH Visser	—	—	—	—	—	—
RA Williams	153 897	153 897	—	—	—	—
Non-beneficial interests	12	13				

*In terms of the Option Scheme.

**Resigned with effect from 27 March 2008.

The following non-executive directors have an indirect beneficial shareholding in the preferred ordinary share capital of the company as at 30 September 2008:

Name of director	2008	2007
RJ Khoza	3 780 214	3 780 214
KM Mokoape	649 887	649 887
CWN Molope	318 891	318 891
ML Ndlovu	649 887	649 887

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

Special resolutions were passed by shareholders of the following subsidiary companies during the year under review:

Special resolutions to amend articles of association

Abercom Group Limited
Amalgamated Packaging Industries (Proprietary) Limited
Holdains Plastics Limited
Kablam No 18 Limited
Kohler Limited
Kohler Packaging Limited
Kohler Paper Merchating Holdings Limited
Malbak Industrial Holdings Limited
Malbak Investments (Abercom) Limited
National Containers (Proprietary) Limited
Printpak Limited

Special resolutions to reduce share premium

Holdains Plastics Limited
Kohler Paper Merchating Holdings Limited
Printpak Limited

Special resolutions to reduce issued share capital

Amalgamated Packaging Industries (Proprietary) Limited
Holdains Plastics Limited
Malbak Investments (Abercom) Limited
National Containers (Proprietary) Limited
Printpak Limited

Acquisition of redeemable preference shares in anticipation of deregistration

Abercom Group Limited
Kablam No 18 Limited

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 183 to 185.

as at 30 September 2008

	Notes	2008 R million	2007 R million
ASSETS			
Non-current assets			
Property, plant and equipment	3	6 743.0	5 663.2
Investment property	3	3.6	3.7
Goodwill	4	256.1	803.5
Other intangible assets	5	217.0	275.8
Investments in associates	6	20.3	21.2
Other non-current financial assets	8	278.3	265.7
Deferred tax assets	9	11.6	9.6
		7 529.9	7 042.7
Current assets			
Inventories	10	2 640.7	2 356.2
Trade receivables and other current assets	11	3 525.4	2 921.9
Tax assets		38.9	67.0
Bank balances, deposits and cash	12	1 727.9	603.5
		7 932.9	5 948.6
Assets classified as held for sale	13	52.2	41.3
Total assets		15 515.0	13 032.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	35.5	35.4
Capital reserves	14	(112.3)	516.9
Other reserves	14	176.0	105.1
Retained earnings	14	5 859.3	5 344.6
Equity attributable to equity holders of the company		5 958.5	6 002.0
Minority interest	14	33.4	47.5
Total equity		5 991.9	6 049.5
Non-current liabilities			
Loans and borrowings	15	1 741.1	526.5
Other non-current liabilities	16	71.1	13.7
Retirement benefit obligation	17	1 129.1	565.1
Deferred tax liabilities	9	495.9	742.7
		3 437.2	1 848.0
Current liabilities			
Trade payables and other current liabilities	18	3 277.4	2 739.9
Bank overdrafts and loans	15	2 570.3	2 001.8
Provisions	19	89.1	67.3
Tax liabilities		149.1	326.1
		6 085.9	5 135.1
Total equity and liabilities		15 515.0	13 032.6

for the year ended 30 September 2008

	Notes	2008 R million	2007 R million
Revenue	20	18 457.5	17 014.4
Raw materials and consumables used		9 571.0	8 491.4
Employee benefit expense		3 651.2	3 397.4
Depreciation and amortisation expense		750.9	701.7
Other operating expenses		3 885.1	2 912.7
Other operating income		350.0	110.0
Profit from operations	21	949.3	1 621.2
Finance costs	23	400.6	273.0
Finance income	24	135.2	82.2
Income from investments	25	5.1	7.0
Share of profit of associates	6	8.7	4.3
Profit before tax		697.7	1 441.7
Income tax expense	26	202.4	385.8
Profit for the year		495.3	1 055.9
Attributable to:			
Equity holders of the company		516.1	1 054.2
Minority interest		(20.8)	1.7
		495.3	1 055.9
Earnings per share			
Basic (cents per share)	28	88.2	181.0
Diluted (cents per share)	28	88.8	172.0

for the year ended 30 September 2008

	2008 R million	2007 R million
Exchange differences on translation of foreign operations	262.1	(125.8)
Net actuarial (loss)/gain from retirement benefit obligations	(186.1)	100.6
Hyper-inflation capital adjustment	—	(7.5)
Gain/(loss) on cash flow hedges	7.4	(10.7)
Change in fair value of available-for-sale financial assets	—	(38.9)
Net income/(expense) recognised directly in equity	83.4	(82.3)
Transfer to plant and equipment – cash flow hedges	(7.4)	(16.5)
Transfer to income statement – cash flow hedges	0.1	(2.4)
Profit for the year	495.3	1 055.9
Total recognised income and expense for the year	571.4	954.7
Attributable to:		
Equity holders of the company	585.5	957.3
Minority interest	(14.1)	(2.6)
	571.4	954.7

for the year ended 30 September 2008

	Notes	2008 R million	2007 R million
Cash flows from operating activities			
Cash receipts from customers		18 268.1	16 949.3
Cash paid to suppliers and employees		(16 124.8)	(14 904.0)
Cash generated from operations	34.1	2 143.3	2 045.3
Income from investments		14.2	7.0
Interest received		135.2	82.2
Interest paid		(460.0)	(284.6)
Retirement benefits, contributions and settlements		250.9	(86.7)
Income tax paid		(558.9)	(379.3)
Replacement capital expenditure		(645.3)	(573.9)
Cash flows from operations		879.4	810.0
Dividends paid		(1.7)	(1.7)
Cash distributions paid		(644.8)	(577.4)
Cash retained from operating activities		232.9	230.9
Cash flows from investing activities			
Expansion capital expenditure		(908.3)	(656.6)
Capitalised expenditure on group ERP systems		(22.4)	(67.6)
Proceeds on the sale of property, plant and equipment		117.8	55.6
Acquisition of businesses	34.2	—	(25.2)
Proceeds on the disposal of businesses	34.3	19.0	52.3
(Increase)/decrease in non-current financial assets and investments		(9.6)	4.9
Cash utilised in investing activities		(803.5)	(636.6)
Cash flows from financing activities			
New non-current borrowings raised		1 220.7	36.3
Bank overdraft borrowings converted to short term		1 330.0	—
Proceeds from issuance of commercial paper		641.0	—
Repayment of borrowings		(397.9)	(161.6)
Capital proceeds from issue of shares		23.7	25.2
Cash retained from/(utilised in) financing activities		2 817.5	(100.1)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		(1 000.0)	(505.1)
Translation of cash in foreign subsidiaries		(25.2)	10.9
Cash and cash equivalents at end of year	34.4	1 221.7	(1 000.0)

for the year ended 30 September 2008

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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CIRCULARS

In the current year, the group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the group and effective at the reporting date.

During the current financial year, the following accounting standard and amendment were adopted:

- IFRS 7 *Financial Instruments – Disclosure*
IFRS 7 requires extensive disclosures about the significance of financial instruments for an entity's financial performance and position, and qualitative and quantitative disclosures on the nature and extent of risk.
- IAS 1 *Added disclosures about an entity's capital*
The amendment to IAS 1 introduces requirements for disclosures about an entity's capital.

The impact on the group is only disclosure-related.

The group has elected to early adopt the current year amendment to the following accounting standard in the current year:

- IAS 27 *Consolidated and Separate Financial Statements*
IAS 27 deals with the requirements for preparing and presenting consolidated financial statements for a group of entities under the control of a parent. The amendment deals with the distribution of capital reserves to the parent.

The impact on the group is immaterial.

The following interpretations were effective for the current financial year, but had no impact on these financial statements:

- IFRIC 8 *Scope of IFRS 2*
IFRIC 8 clarifies that IFRS 2 applies to share-based payment transactions in which the entity cannot specifically identify some or all of the goods or services rendered.
- IFRIC 10 *Interim financial reporting and impairment*
IFRIC 10 prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRS 2 *Share-based Payment (amendment)*
The amendments restrict the definition of a vesting condition to include only service conditions and performance conditions, and amend the definition of performance conditions to require the completion of a service period in addition to specified performance targets.
- IFRS 3 *Business Combinations (revision)*
The revised standard is a comprehensive revision of the acquisition method (called the "purchase method" in the previous version of the standard). It deals specifically with the steps that should be taken when applying the acquisition method. It also deals with the measurement of assets and liabilities acquired at the date of acquisition, and the measurement of any non-controlling interest and goodwill recognised.
- IFRS 8 *Operating segments*
IFRS 8 requires an entity to adopt the "management approach" to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments.

for the year ended 30 September 2008

- IAS 1 *Revision of presentation of financial statements*
The changes made require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from "non-owners" changes. The revision also includes changes in the titles of some of the financial statements to reflect their function more clearly.
 - IAS 1 *Added disclosures about an entity's capital*
The amendment to IAS 1 introduces requirements for disclosures about an entity's capital.
 - IAS 23 *Borrowing costs*
The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.
 - IAS 39 *Financial instruments*
The recent amendments clarify the circumstances in which financial instruments may be classified as held for trading. An amendment also requires that if one wants to classify a financial instrument as held for trading due to being part of a portfolio of short-term profit-taking, the instrument must be designated as such on initial recognition.
 - IFRIC 12 *Service concession agreements*
IFRIC 12 addresses how service concession operators should apply existing International Financial Reporting Standards ("IFRSs") to account for the obligations they undertake and rights they receive in service concession arrangements.
 - IFRIC 13 *Customer loyalty programmes*
The interpretation addresses accounting by entities that grant loyalty award credits (such as points or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.
 - IFRIC 14 *IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*
IFRIC 14 provides general guidance on how to assess the limit in IAS 19 *Employee benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pensions asset or liability may be affected where there is a statutory or contractual minimum funding requirement. The interpretation will standardise practice and ensure that entities recognise an asset in relation to a surplus on a consistent basis.
- The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the group. Management is in the process of assessing the impact of IFRS 8 and IAS 1 which will have an impact on additional disclosure.

3. 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 life 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.

for the year ended 30 September 2008

- **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 balance sheet date. The value of financial instruments can have material fluctuations and therefore disclosed amounts may differ from the realised value.

4. 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.

In the prior year the deterioration of the economic and trading situation in Zimbabwe resulted in an effective loss of control over the financial and operating policies of the group's Zimbabwean operations. In terms of IAS 27 *Consolidated and separate financial statements* the carrying amounts of the investments were reclassified as available-for-sale financial assets.

All intergroup transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's shares of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

5. 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 minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

6. 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 balance sheet 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 or losses are eliminated to the extent of the group's interest in the relevant associate.

7. 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.

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 or 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.

8. 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

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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.

The group's policy for goodwill arising on the acquisition of an associate is described under "investments in associates".

9. 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 amount 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 have been sold or are part of a single coordinated plan to be disposed of.

10. 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.

11. 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 profit and loss on a systematic basis over the useful life of the asset.

12. 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

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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 balance sheet 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.

13. 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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 balance sheet. 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. Exchange differences arising from the translation of the net investment in foreign entities, 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 hyperinflationary 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 closing rate.

14. EMPLOYEE BENEFITS

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

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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 balance sheet date where interim valuations are performed at an earlier date.

Actuarial gains and losses are recognised directly in equity. Actuarial gains and losses recognised outside profit or loss are presented in the statement of recognised income and expense. 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 balance sheet 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, after the fourth year another third so that

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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.

15. 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 income statement 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 balance sheet 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 using the balance sheet liability method. 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 balance sheet 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.

16. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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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.

17. 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.

18. 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.

19. 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.
- 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.

20. 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 development 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.

21. IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each balance sheet 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 pre-tax discount rate 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.

22. 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.

23. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured initially 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 derecognised on a trade date basis where the purchase or sale 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.

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 financial assets available-for-sale, 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 income statement. An impairment loss is measured as the difference between the investment's carrying value and the present

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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 equity instruments. 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 at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily 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 remeasured 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 directly in equity. 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 equity in the foreign currency translation reserve. 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.

24. 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 balance sheet date, and are discounted to present value where the effect is material.

25. SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged either in providing related products (business segment), or in providing products within a particular economic environment (geographic environment), which is subject to risks and rewards that are different from those of other segments. The group's primary format for segment reporting is based on business segments.

The basis of segmental allocation is determined as follows:

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.

Profit from operations 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.

Operating 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. Operating assets exclude investment in associates, tax assets, bank balances, deposits and cash.

Operating 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. Operating liabilities exclude loans, borrowings and overdrafts, tax liabilities and the retirement benefit obligation.

26. 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.

27. OFFSET

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated balance sheet 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.

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.

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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.

Financial risk management objectives

The group's corporate treasury provides services to the business, coordinates 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 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 Nigeria.

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. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through changing interest rate cycles.

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.

*for the year ended 30 September 2008***1. FINANCIAL RISK MANAGEMENT** *(continued)*

The following interest rate derivatives were in place at 30 September 2008:

	Start date	End date	Interest rate % nacq	Notional amount		Fair value	
				2008 R million	2007 R million	2008 R million	2007 R million
Enhanced collar	24/01/2006	01/02/2010	Floor 6.95 Cap 7.98	200.0	200.0	9.2	7.8
Enhanced collar	02/04/2007	02/07/2010	Floor 8.2 Cap 9.15	300.0	300.0	10.0	4.1
Interest rate swaption	02/07/2010	02/07/2012	7.70	300.0	300.0	5.3	0.5
Interest rate swap	30/06/2006	30/06/2010	8.82	250.0	250.0	5.7	2.8
Total						30.2	15.2

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.

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*.

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1. FINANCIAL RISK MANAGEMENT *(continued)*

The risk profile of interest-bearing financial assets and liabilities as 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	1 717.9	2 236.5 ¹	(1 400.8)	(229.6) ²	2 324.0
UK pound	—	—	(324.1)	—	(324.1)
Euro	226.0	—	(8.2)	—	217.8
US dollar	—	—	(20.7)	—	(20.7)
Nigerian naira	124.7	—	—	—	124.7
Other currencies	6.3	—	—	—	6.3
Total at 30 September 2008	2 074.9	2 236.5	(1 753.8)	(229.6)	2 328.0
South African rand	1 707.5	273.1	(346.9)	—	1 633.7
UK pound	31.5	—	(401.7)	—	(370.2)
Euro	326.8	—	(49.8)	—	277.0
US dollar	0.3	—	(26.5)	—	(26.2)
Nigerian naira	180.3	—	(11.2)	—	169.1
Other currencies	7.3	1.5	(13.2)	—	(4.4)
Total at 30 September 2007	2 253.7	274.6	(849.3)	—	1 679.0

¹ These liabilities relate to the short-term loans, commercial paper and the non-recourse debt relating to Red Coral Investments 23 (Pty) Limited.

² These assets relate to short-term call deposits.

The following table shows a breakdown of the above liabilities between liabilities to banks and other parties at 30 September:

	Currency	Interest rate % namc	Maturity	2008 R million	2007 R million
Commercial paper	ZAR	12.6	17/10/2008	350.0	—
Commercial paper	ZAR	12.6	16/01/2009	141.0	—
Commercial paper	ZAR	12.6	16/01/2009	100.0	—
Commercial paper	ZAR	12.5	18/03/2009	50.0	—
				641.0	—
Liabilities to banks	ZAR	various	various	3 313.4	1 980.6
	GBP	various	various	—	31.5
	EUR	various	various	226.0	326.8
	USD	various	various	—	0.3
	NGN	14.3	various	124.7	180.3
	OTHER	various	various	6.3	8.8
				3 670.4	2 528.3
Total liabilities				4 311.4	2 528.3

for the year ended 30 September 2008

1. FINANCIAL RISK MANAGEMENT (continued)**Weighted average interest rates are as follows:**

	2008		2007	
	Bank balances	Borrowings	Bank balances	Borrowings
South African rand	11.5%	12.7%	11.2%	11.9%
UK pound	4.9%	6.7%	5.5%	6.1%
Euro	3.5%	5.5%	3.0%	4.4%
US dollar	1.9%	4.2%	5.1%	5.8%
Nigeria naira	2.5%	14.3%	1.8%	13.8%

Sensitivity analysis

If the market interest rates had been 100 basis points higher/lower at 30 September 2008, profit or loss would have been R20.7 million lower/higher (2007: R22.5 million).

The amount of R20.7 million (2007: R22.5 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 yearend 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.

During the 2007 financial year, the majority of the group's funding book had short-term liquidity exposures. Given the composition of the funding book and the conditions prevailing in the global financial markets in the 2008 financial year, the company entered into a £30 million three-year revolving credit facility in the UK and a R1 billion five-year term facility in South Africa. This was done to minimise short-term liquidity exposure and going forward, the group will continue efforts to minimise its short-term liquidity exposure.

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 2008				
One year	1 310.0	—	65.0	1 375.0
Two to five years	—	221.1	—	221.1
Total	1 310.0	221.1	65.0	1 596.1
Expiry period at 30 September 2007				
One year	1 881.9	1 054.4	135.0	3 071.3
Two to five years	—	—	—	—
Total	1 881.9	1 054.4	135.0	3 071.3

for the year ended 30 September 2008

1. FINANCIAL RISK MANAGEMENT (continued)

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 – 2 years R million	2 – 3 years R million	3 – 4 years R million	Over 4 years R million
At 30 September 2008							
Financial assets							
Non-current financial assets	8	262.4	—	31.5	15.2	10.6	205.1
Trade receivables and other current assets*	11	3 356.3	3 356.3	—	—	—	—
Bank balances, deposits and cash	12	1 727.9	1 727.9	—	—	—	—
Total		5 346.6	5 084.2	31.5	15.2	10.6	205.1
Financial liabilities							
Non-current loans and borrowings	15	1 741.1	—	52.6	521.2	2.6	1 164.7
Trade payables and other current liabilities	18	3 277.4	3 277.4	—	—	—	—
Bank overdrafts and loans	15	2 570.3	2 570.3	—	—	—	—
Total		7 588.8	5 847.7	52.6	521.2	2.6	1 164.7
At 30 September 2007							
Financial assets							
Non-current financial assets	8	265.7	—	10.7	25.8	12.0	217.2
Trade receivables and other current assets*	11	2 796.8	2 796.8	—	—	—	—
Bank balances, deposits and cash	12	603.5	603.5	—	—	—	—
Total		3 666.0	3 400.3	10.7	25.8	12.0	217.2
Financial liabilities							
Non-current loans and borrowings	15	526.5	—	73.3	37.6	249.8	165.8
Trade payables and other current liabilities	18	2 739.9	2 739.9	—	—	—	—
Bank overdrafts and loans	15	2 001.8	2 001.8	—	—	—	—
Total		5 268.2	4 741.7	73.3	37.6	249.8	165.8

*Prepayments are excluded from trade receivables and other current assets.

for the year ended 30 September 2008

1. FINANCIAL RISK MANAGEMENT (continued)**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 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 profit on the fair value of FEC contracts amounting to R7.4 million (2007: R10.7 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, an amount of R7.4 million (2007: R16.5 million) was set off against the cost of assets.

The group's European operations have designated debt drawn in euros as a hedging instrument against the net asset value of its euro-denominated investments. The hedge seeks to minimise, where possible, the effect that the euro/pound exchange rate has on the net investment in the euro-denominated assets. The hedge position is tested for its effectiveness on a regular basis. An amount of R5.3 million (2007: R2.8 million) was taken to the foreign currency translation reserve as a result of the hedge.

Currency conversion guide at 30 September	2008	2007
Income statement (average)		
UK pound	14.71	14.15
Euro	11.25	9.56
US dollar	7.47	7.18
Balance sheet (spot)		
UK pound	14.87	13.95
Euro	11.69	9.72
US dollar	8.28	6.87

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 of the above currencies had weakened by 10% at 30 September 2008, with all other variables held constant, the impact on profit and loss for the year would have been an increase of R23.3 million (2007: a decrease of R0.5 million). Conversely, if the exchange rates with these currencies had strengthened by 10%, profit

or loss would decrease by R23.3 million (2007: an increase R0.5 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. The increase in the impact on profit and loss from 2007 to 2008 is due to the fact that receivables are significantly higher in 2008. This is due to the inclusion of a receivable for the insurance payout relating to the fire at the Thorpe site of Healthcare in the UK.

for the year ended 30 September 2008

1. FINANCIAL RISK MANAGEMENT (continued)

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:

Fair value hedges	Average contract rate		Notional amount Net (imports)/exports		Fair value Asset/(liability)	
	2008	2007	2008 R million	2007 R million	2008 R million	2007 R million
<i>US dollars</i>						
Less than 3 months	8.03	7.23	(118.4)	(69.7)	4.1	(5.5)
3 – 6 months	8.15	7.27	0.3	(20.7)	1.1	(1.1)
6 – 9 months	8.24	7.37	(11.1)	(31.3)	0.6	(1.1)
Greater than 9 months	—	7.43	—	(31.2)	—	(0.8)
<i>Euros</i>						
Less than 3 months	12.22	9.93	(284.6)	(156.4)	(3.9)	0.1
3 – 6 months	12.29	9.99	(78.8)	(44.5)	(1.2)	1.2
6 – 9 months	12.08	10.05	(41.5)	(18.3)	0.6	(0.2)
Greater than 9 months	11.85	—	(3.8)	—	0.2	(0.3)
<i>UK pounds</i>						
Less than 3 months	15.17	14.65	(8.6)	(19.0)	—	(0.9)
3 – 6 months	15.40	—	(0.9)	—	—	—
6 – 9 months			10.6	—	3.2	—
<i>Other</i>						
Less than 3 months			(10.9)	(24.6)	—	(0.3)
3 – 6 months			(1.7)	(14.6)	—	1.2
6 – 9 months			—	(4.0)	—	(0.2)
Total					4.7	(7.9)

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.

Fair value hedges	Average contract rate		Notional amount		Fair value Asset/(liability)	
	2008 R	2007 R	2008 R million	2007 R million	2008 R million	2007 R million
Aluminium futures						
Less than 3 months	23 059	19 486	(61.2)	(55.2)	(6.7)	(6.2)
3 – 6 months	23 442	19 486	(53.4)	(42.1)	(4.9)	(3.4)
6 – 9 months	22 911	19 486	(27.7)	(16.0)	(1.4)	(1.0)
Greater than 9 months	22 300	—	(21.7)	—	0.2	—
Total					(12.8)	(10.6)

*for the year ended 30 September 2008***1. FINANCIAL RISK MANAGEMENT** *(continued)***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 R2.5 million higher (2007: R2.3 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 R2.5 million lower (2007: R2.3 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.

The fair value of derivative financial instruments raised on the balance sheet is as follows:

Asset/(liability)	2008 R million	2007 R million
Interest rate swaps	30.2	15.2
Forward exchange contracts	4.7	(7.9)
Commodity contracts – Aluminium futures	(12.8)	(10.6)
Total	22.1	(3.3)
Analysed between:		
Derivative financial assets (note 11)	39.2	15.2
Derivative financial liabilities (note 18)	(17.1)	(18.5)
	22.1	(3.3)

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.

for the year ended 30 September 2008

2. SEGMENTAL REPORT

	Revenue		Profit/(loss) from operations		Operating margin	
	2008 R million	2007 R million	2008 R million	2007 R million	2008 %	2007 %
Metals and Glass	5 061.0	4 728.4	756.0	751.1	14.9	15.9
Africa	5 061.0	4 728.4	756.0	751.1	14.9	15.9
Paper	8 433.4	7 868.5	(296.8)	388.1	(3.5)	4.9
Africa	5 121.3	4 818.4	229.3	290.2	4.5	6.0
Europe	3 312.1	3 050.1	(526.1)*	97.9	(15.9)	3.2
Plastics	4 934.6	4 466.4	270.9	381.7	5.5	8.5
Africa	3 165.1	2 910.2	104.4	226.7	3.3	7.8
Europe	1 769.5	1 556.2	166.5	155.0	9.4	10.0
Group services	359.1	280.8	219.2	100.3		
Africa	—	—	177.4	59.8		
Europe	359.1	280.8	41.8	40.5		
Inter-segment eliminations	(330.6)	(329.7)	—	—		
Total	18 457.5	17 014.4	949.3	1 621.2	5.1	9.5
Geographical analysis						
South Africa	12 291.2	11 465.9	1 199.0	1 203.0	9.8	10.5
Rest of Africa	1 056.2	991.1	68.1	124.8	6.4	12.6
Europe	5 440.7	4 887.1	(317.8)*	293.4	(5.8)	6.0
Inter-segment eliminations	(330.6)	(329.7)	—	—		
Total	18 457.5	17 014.4	949.3	1 621.2	5.1	9.5

*Includes goodwill impairments of R536.9 million (£36.9 million).

for the year ended 30 September 2008

EBITDA		Depreciation and amortisation		Net impairment losses/(reversals)	
2008 R million	2007 R million	2008 R million	2007 R million	2008 R million	2007 R million
892.3	874.6	136.3	123.5	(0.3)	3.3
892.3	874.6	136.3	123.5	(0.3)	3.3
34.1	680.6	330.9	292.5	565.1	—
412.1	445.9	182.8	155.7	15.5	—
(378.0)	234.7	148.1	136.8	549.6	—
494.1	596.5	223.2	214.8	33.9	4.0
266.8	383.2	162.4	156.5	33.9	4.0
227.3	213.3	60.8	58.3	—	—
279.7	171.2	60.5	70.9	3.0	(0.6)
233.4	127.8	56.0	68.0	3.0	—
46.3	43.4	4.5	2.9	—	(0.6)
—	—	—	—	—	—
1 700.2	2 322.9	750.9	701.7	601.7	6.7
1 689.9	1 676.0	490.9	473.0	49.1	7.3
114.7	155.6	46.6	30.7	3.0	—
(104.4)	491.3	213.4	198.0	549.6	(0.6)
—	—	—	—	—	—
1 700.2	2 322.9	750.9	701.7	601.7	6.7

for the year ended 30 September 2008

2. SEGMENTAL REPORT (continued)

	Operating assets		Operating liabilities		Capital expenditure	
	2008 R million	2007 R million	2008 R million	2007 R million	2008 R million	2007 R million
Metals and Glass	3 350.7	2 798.4	858.6	705.7	482.9	289.3
Africa	3 350.7	2 798.4	858.6	705.7	482.9	289.3
Paper	6 603.2	6 279.5	1 584.0	1 156.1	715.7	561.8
Africa	4 423.1	3 589.4	1 053.6	744.6	625.5	424.7
Europe	2 180.1	2 690.1	530.4	411.5	90.2	137.1
Plastics	2 677.1	2 529.7	824.0	720.3	293.3	382.9
Africa	1 985.0	1 926.9	580.6	495.1	241.9	331.5
Europe	692.1	602.8	243.4	225.2	51.4	51.4
Group services	1 069.4	712.9	171.0	257.0	84.1	64.1
Africa	854.8	690.8	167.1	212.7	75.6	57.0
Europe	214.6	22.1	3.9	44.3	8.5	7.1
Total	13 700.4	12 320.5	3 437.6	2 839.1	1 576.0	1 298.1
Geographical analysis						
South Africa	9 346.5	8 224.1	2 273.6	1 955.4	1 143.1	1 007.1
Rest of Africa	1 267.1	781.4	386.3	202.7	282.8	95.4
Europe	3 086.8	3 315.0	777.7	681.0	150.1	195.6
Total	13 700.4	12 320.5	3 437.6	2 839.1	1 576.0	1 298.1

For management purposes, the group is organised into four business clusters based on raw material inputs. The clusters are the basis on which the group reports its primary segment information. The principal activities of the clusters are as follows:

Metals and Glass – manufacture of beverage cans, food cans, aerosol cans, other metal packaging and glass packaging.

Paper – manufacture of corrugated boxes, folding cartons, toilet tissue and paper manufacturing.

Plastics – manufacture of plastic bottles, crates and drums, checkout bags, tubs and tubes and a full range of flexible plastics products.

Group services – head office activities, procurement, treasury and property services.

In addition, the businesses are grouped by geographical location. The main geographical regions identified are South Africa, Rest of Africa and Europe. Geographical split is determined by location of the operating assets.

Inter-segmental transactions are at market-related rates.

for the year ended 30 September 2008

	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 2006	1 078.8	134.1	6 849.4	81.6	8 143.9	14.9
Additions	97.4	3.7	1 116.2	13.2	1 230.5	—
Transfer from equity on cash flow hedges	—	—	(16.5)	—	(16.5)	—
Interest capitalised	—	—	11.6	—	11.6	—
Acquisition of business	—	0.5	21.8	0.2	22.5	—
Disposals	(0.6)	(0.4)	(113.3)	(30.1)	(144.4)	(12.9)
Disposal of business	(6.2)	—	(8.6)	—	(14.8)	—
Reclassified to available-for-sale financial assets	(3.2)	—	(22.6)	—	(25.8)	—
Impairment loss	—	—	(17.0)	—	(17.0)	—
Reversal of impairment loss	—	—	11.9	—	11.9	—
Reclassified (to)/from assets held for sale	(21.1)	—	(17.2)	—	(38.3)	1.1
Translation differences	(28.7)	(4.9)	(150.6)	—	(184.2)	—
Hyper-inflation and other movements	(1.6)	(0.7)	42.5	(0.4)	39.8	5.5
At 30 September 2007	1 114.8	132.3	7 707.6	64.5	9 019.2	8.6
Additions	77.9	9.4	1 451.2	15.1	1 553.6	—
Transfer from equity on cash flow hedges	—	—	(7.4)	—	(7.4)	—
Interest capitalised	0.2	—	59.2	—	59.4	—
Disposals	(7.1)	(14.5)	(350.2)	(23.7)	(395.5)	—
Impairment loss	—	(4.4)	(14.6)	—	(19.0)	—
Reversal of impairment loss	—	—	3.8	—	3.8	—
Reclassified to assets held for sale	—	—	(33.9)	—	(33.9)	—
Translation differences	91.4	13.1	370.4	—	474.9	—
Other movements	17.8	(8.1)	11.4	—	21.1	—
At 30 September 2008	1 295.0	127.8	9 197.5	55.9	10 676.2	8.6

for the year ended 30 September 2008

	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 <i>(continued)</i>						
Accumulated depreciation						
At 1 October 2006	271.0	29.7	2 596.8	40.6	2 938.1	2.8
Depreciation charge for the year	19.7	1.9	595.6	14.5	631.7	0.6
Acquisition of business	—	0.4	6.4	0.1	6.9	—
Disposals	—	—	(98.3)	(23.9)	(122.2)	(2.3)
Disposal of business	(3.4)	—	(6.2)	—	(9.6)	—
Reclassified to available-for-sale financial assets	(3.9)	—	(10.9)	—	(14.8)	—
Reclassified to assets held for sale	(0.5)	—	(10.5)	—	(11.0)	—
Translation differences	(8.3)	(0.9)	(80.1)	—	(89.3)	—
Hyperinflation and other movements	7.1	0.3	19.0	(0.2)	26.2	3.8
At 30 September 2007	281.7	31.4	3 011.8	31.1	3 356.0	4.9
Depreciation charge for the year	22.5	4.7	634.9	11.8	673.9	0.1
Disposals	(2.9)	(6.1)	(272.6)	(17.2)	(298.8)	—
Reclassified to assets held for sale	—	—	(11.9)	—	(11.9)	—
Reclassified from owner-occupied properties	(2.2)	2.2	—	—	—	—
Translation differences	15.6	3.2	193.5	—	212.3	—
Other movements	(0.1)	(1.6)	3.4	—	1.7	—
At 30 September 2008	314.6	33.8	3 559.1	25.7	3 933.2	5.0
Net book value at 30 September 2008	980.4	94.0	5 638.4	30.2	6 743.0	3.6
Net book value at 30 September 2007	833.1	100.9	4 695.8	33.4	5 663.2	3.7

for the year ended 30 September 2008

	2008 R million	2007 R million
3. PROPERTY, PLANT AND EQUIPMENT (continued)		
The open market value of the group's properties was determined by The Property Partnership in July 2008, who are independent valuers not connected to the group. These properties were valued by reference to market evidence of recent transactions for similar properties.		
– Freehold land and buildings	2 045.9	1 434.4
– Investment properties	28.5	9.3
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	19 736.2	21 528.2
Refer to note 1.5 for details of property, plant and equipment encumbered.		
Property rental income earned by the group from its investment property under operating leases	1.2	2.2
Direct operating expenses relating to investment properties	0.3	1.0
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.		
During the current financial year, a fire destroyed the Nampak Cartons Healthcare factory in Thorpe, UK. The insurance proceeds expected for the assets destroyed in the fire amount to R125.2 million and have been included in operating income for the current year.		

R million

4. GOODWILL		
Carrying amount		
At 1 October 2006		818.3
Acquisition of business		6.1
Disposal of business		1.7
Translation differences		(22.6)
At 30 September 2007		803.5
Impairment loss		(568.9)
Translation differences		21.5
At 30 September 2008		256.1

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.

for the year ended 30 September 2008

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 2008			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	—	60.1
Flexibles	53.5	19.5	34.0
Paper	44.3	9.5	34.8
Europe			
Healthcare	302.7	302.7	—
Paper	397.1	397.1	—
Africa			
Metals	21.4	18.2	3.2
Other	3.5	2.9	0.6
	1 006.0	749.9	256.1
At 30 September 2007			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	—	60.1
Flexibles	53.5	—	53.5
Paper	44.3	—	44.3
Europe			
Healthcare	284.9	13.0	271.9
Paper	381.1	136.7	244.4
Africa			
Metals	21.4	18.2	3.2
Other	2.7	—	2.7
	971.4	167.9	803.5

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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

	South Africa %	Africa %	Europe %
2008			
Growth rate*	0.0	0.0	0.0
Discount rate (pre-tax)	13.6	20.0	9.5
2007			
Growth rate*	0.0	0.0	0.0
Discount rate (pre-tax)	12.3	20.0	7.1

*This is the growth rate used in the calculation of the termination value after the five-year management estimate of cash flows.

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4. GOODWILL (continued)

Management estimates discount rates using the pre-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.

During the year, the group determined that goodwill associated with Cartons Europe was impaired by R254.2 million due to the underrecovery of cost increases coupled with lower margin business following a number of tenders. Additional goodwill of R282.7 million relating to the Healthcare UK business was written off due to the permanent reduction of revenue as a direct consequence of a fire at the Thorpe site. These losses are reported in the Europe Paper and Europe Healthcare segments respectively. The remainder of the goodwill impaired mainly related to local operations which are affected by reduced profitability.

	ERP systems and software R million	Other R million	Total R million
5. OTHER INTANGIBLE ASSETS			
Cost			
At 1 October 2006	428.1	9.8	437.9
Additions	60.1	7.5	67.6
Acquisition of business	—	6.1	6.1
Disposals	(0.1)	(0.5)	(0.6)
Impairment loss	(1.6)	—	(1.6)
Translation differences	(0.6)	—	(0.6)
Other movements	(1.3)	0.8	(0.5)
At 30 September 2007	484.6	23.7	508.3
Additions	22.4	—	22.4
Disposals	(2.6)	—	(2.6)
Impairment loss	(4.5)	(0.3)	(4.8)
Translation differences	1.9	—	1.9
Other movements	(0.7)	7.4	6.7
At 30 September 2008	501.1	30.8	531.9
Amortisation			
At 1 October 2006	154.0	8.9	162.9
Charge for the year	67.8	1.6	69.4
Disposals	(0.1)	(0.5)	(0.6)
Translation differences	(0.1)	—	(0.1)
Other movements	0.3	0.6	0.9
At 30 September 2007	221.9	10.6	232.5
Charge for the year	66.6	10.3	76.9
Disposals	(2.6)	—	(2.6)
Translation differences	0.8	—	0.8
Other movements	6.9	0.4	7.3
At 30 September 2008	293.6	21.3	314.9
Net carrying value at 30 September 2008	207.5	9.5	217.0
Net carrying value at 30 September 2007	262.7	13.1	275.8

Other intangible assets consist of patents, trademarks and licences.

Divisional implementations were impaired by R4.5 million (2007: R1.6 million) on the basis of their ability to generate future identifiable cash benefits. A discount rate of 13.6% was applied to the future cash flows.

The balance of the impairment losses of R0.3 million (2007: Rnil) related to patents.

for the year ended 30 September 2008

	2008 R million	2007 R million
6. INVESTMENTS IN ASSOCIATES		
(Refer to Annexure A for details)		
Cost of investments in associates	4.9	6.9
Share of other post-acquisition reserves	3.3	1.8
Share of post-acquisition profit, net of dividend received	12.1	12.5
Opening balance	12.5	(20.1)
Share of current year profit	8.7	4.3
Dividends received	(9.1)	—
Reclassification to available-for-sale financial assets	—	28.3
	20.3	21.2
<p>The financial year-ends of Group Risk Holdings (Proprietary) Limited and Collecta-Can (Propriety) Limited are 30 September and 31 December respectively. The September management accounts were used to prepare the financial statements for consolidation purposes.</p> <p>In the prior year the group concluded that it no longer had significant influence over its Zimbabwean associates. An amount of R24.0 million was reclassified to available-for-sale financial assets.</p> <p>The group has obligations in respect of losses from associates to the extent of the carrying value of the investment.</p> <p>Summarised financial information in respect of the group's associates is set out below:</p>		
Revenue	257.6	321.6
Profit for the year	13.2	8.6
Group's share of associates' profit for the year	8.7	4.3
Total assets	386.7	378.9
Total liabilities	336.5	323.8
Net assets	50.2	55.1
Group's share of associates' net assets	20.3	21.2
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	534.7	589.9
Expenses	530.9	569.4
Current assets	213.3	266.7
Non-current assets	427.7	241.2
Current liabilities	209.0	113.6
Non-current liabilities	335.0	331.1
The group's share of capital commitments from joint ventures is R2.0 million (2007: R164.4 million).		

for the year ended 30 September 2008

	2008 R million	2007 R million
8. OTHER NON-CURRENT FINANCIAL ASSETS		
Available-for-sale financial assets		
(Refer to Annexure B for details)		
Investment in subsidiaries and associates in Zimbabwe at fair value	—	—
Other investments	16.2	16.2
Impairment loss	(0.3)	—
	15.9	16.2
During the prior year, the group reclassified the net carrying value of its investments in subsidiaries and associates in Zimbabwe to available-for-sale financial assets.		
Loans and receivables		
Loans to minority shareholders and joint venture partner ¹	197.9	181.3
Non-current receivable on disposal of properties ²	19.1	20.8
Equipment sales receivables ³	38.5	43.7
Other	24.5	13.2
Total loans	280.0	259.0
Less: Amounts receivable within one year, reflected in trade receivables and other current assets (note 11)	17.6	9.5
Net non-current loans and receivables	262.4	249.5
Total	278.3	265.7

¹ The loans to the minority shareholders relate to two unsecured loans. The first loan is repayable on 31 May 2010 and interest is charged at the South African prime rate. The second loan is repayable in approximately 10 years and interest is charged at the South African prime rate less 2%. The loan to the joint venture partner is unsecured and not repayable before October 2009. 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 2009 to 2014. 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.

for the year ended 30 September 2008

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	Provisions R million	Prepay- ments R million	Retirement benefit obligation R million	Other R million	Tax losses R million	Total R million
At 1 October 2006	839.7	(80.0)	0.7	(213.0)	147.0	(20.6)	673.8
Credit to equity for the year	—	—	—	47.5	—	—	47.5
Charge/(credit) to profit for the year	2.3	3.7	1.0	9.9	22.8	(10.7)	29.0
Disposal of subsidiary	(0.6)	—	—	—	—	—	(0.6)
Acquisition of subsidiary	2.5	(0.7)	—	—	—	—	1.8
Reclassified to available-for-sale financial assets	(3.6)	—	—	—	—	—	(3.6)
Translation differences	(16.4)	0.4	—	3.1	(1.9)	—	(14.8)
At 30 September 2007	823.9	(76.6)	1.7	(152.5)	167.9	(31.3)	733.1
Credit to equity for the year	—	—	—	(65.5)	—	—	(65.5)
Charge/(credit) to profit for the year	60.0	(45.4)	—	(102.0)	(23.8)	(92.2)	(203.4)
Translation differences	20.3	(6.3)	—	(4.1)	10.2	—	20.1
At 30 September 2008	904.2	(128.3)	1.7	(324.1)	154.3	(123.5)	484.3
						2008 R million	2007 R million
Analysed between:							
Deferred tax assets						11.6	9.6
Deferred tax liabilities						495.9	742.7
						484.3	733.1

At balance sheet date, the group had unused tax losses of R574.3 million (2007: R144.6 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R432.2 million (2007: R107.5 million) of such losses. No deferred tax asset has been recognised on the remaining R142.1 million (2007: R37.1 million) due to the unpredictability of future profit streams. There are no expiry dates on the tax losses.

for the year ended 30 September 2008

	2008 R million	2007 R million
10. INVENTORIES		
Raw materials	1 212.4	1 004.6
Work-in-progress	217.1	209.3
Finished goods	963.1	875.9
Consumables	248.1	266.4
Total	2 640.7	2 356.2
Carrying amount of inventories included at net realisable value	61.4	39.1
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	36.3	3.5
Amount of reversals of previous inventory write-downs included in raw materials and consumables used	17.5	—
The sale of inventory at higher than expected realisable value resulted in a reversal of previous inventory write-downs.		
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS		
Trade receivables	2 847.2	2 530.4
Prepayments	169.1	125.1
Derivative financial instruments (note 1)	39.2	15.2
Current portion of loans and receivables (note 8)	17.6	9.5
Provision for rebates	(25.2)	(18.4)
Insurance claim receivable	150.5	—
Other	327.0	260.1
	3 525.4	2 921.9

The directors consider the carrying value of trade receivables and other current assets to 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 period on sale of goods is 30 days. The group does not permit general provisions for doubtful debts based solely on the age of receivables. Trade receivables are 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.

The insurance claim receivable relates to assets destroyed in the factory fire at the Healthcare site in Thorpe, UK.

Included in the group's trade receivables balance are debtors with a carrying value of R686.8 million (2007: R788.8 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.

for the year ended 30 September 2008

	2008 R million	2007 R million
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS <i>(continued)</i>		
Ageing of past due but not impaired trade receivables		
30 days and less	292.0	360.1
30 – 60 days	127.1	203.0
60 – 90 days	73.2	91.3
90 – 180+ days	194.5	134.4
Total	686.8	788.8
<p>An allowance of R88.7 million (2007: R65.8 million) has been made for estimated irrecoverable amounts from sale of goods. This allowance has been determined by reference to past default.</p>		
Analysis of allowance for doubtful debts		
Balance at beginning of year	65.8	71.6
Impairment losses recognised on receivables	49.9	197.9
Amounts written off during the year	(15.2)	(120.3)
Impairment losses reversed	(11.8)	(83.4)
Balance at end of year	88.7	65.8
<p>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. Outside of a small number of 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.</p>		
12. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	1 189.3	183.4
Short-term bank deposits	538.6	420.1
Total	1 727.9	603.5
South African rand	1 217.1	70.8
Foreign currencies	510.8	532.7
	1 727.9	603.5

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	2008 R million	2007 R million
13. ASSETS HELD FOR SALE		
The group intends to dispose of the Durban operation of Bevcap and the Flexpak Meadowbrook operation within the next 12 months due to unfavourable trading conditions. These disposal groups are included in the Africa Plastics segment for segmental reporting purposes. Impairment losses of R2.8 million and R9.7 million respectively were recognised for the assets in these disposal groups in the current year.		
In the prior year, the assets attributable to the rental hygiene business in Tissue were classified as held for sale. The effective date of disposal was 1 November 2007. The disposal group was included in the Africa Paper segment for segmental reporting purposes.		
Certain properties in Europe have also been classified as held for sale in prior years. These properties are included in Services for segmental purposes. No impairment losses have been recognised as the proceeds on disposal are expected to exceed the net carrying amount of the properties. The carrying value of these properties at the end of the year is R18.6 million (2007: R25.5 million).		
The assets and liabilities attributable to the business units and assets which are expected to be sold in the next 12 months have been classified as a disposal group held for sale and are presented separately in the balance sheet.		
The major classes of assets, including those comprising the disposal group, classified as held-for-sale are as follows:		
Assets classified as held for sale		
Property, plant and equipment	28.2	32.1
Inventories	24.0	5.1
Trade receivables and other current assets	—	4.1
	52.2	41.3

for the year ended 30 September 2008

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 option reserve R million
At 1 October 2006		35.3	2 150.4	(1 367.0)	257.5
Employee share option scheme:					
– value of employee services		–	–	–	28.3
– proceeds from shares issued		0.1	25.1	–	–
Currency translation differences		–	–	–	–
Hyper-inflation capital adjustment		–	–	–	–
Loss on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Transfer from cash flow hedging reserve to income statement		–	–	–	–
Actuarial gain		–	–	–	–
Profit for the year		–	–	–	–
Loss on available-for-sale investments		–	–	–	–
Disposal of business		–	–	–	–
Dividends paid	27	–	–	–	–
Cash distributions from share premium	27	–	(649.2)	71.8	–
At 30 September 2007		35.4	1 526.3	(1 295.2)	285.8
Employee share option scheme:					
– value of employee services		–	–	–	(8.0)
– proceeds from shares issued		0.1	23.6	–	–
Share of associates' non-distributable reserves		–	–	–	–
Disposal of share in associate – transfer to distributable reserves		–	–	–	–
Currency translation differences		–	–	–	–
Gain on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Transfer from cash flow hedging reserve to income statement		–	–	–	–
Actuarial loss		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	27	–	–	–	–
Cash distributions from share premium	27	–	(724.8)	80.0	–
At 30 September 2008		35.5	825.1	(1 215.2)	277.8

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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- distributable reserves in associates R million	Available- for-sale financial assets revaluation reserve R million	Other R million	Retained earnings R million	Total attributable to equity holders of company R million	Minority interest R million	Total equity R million	
306.5	(16.8)	29.3	(125.6)	1.8	—	0.2	4 291.6	5 563.2	40.7	5 603.9	
—	—	—	—	—	—	—	—	28.3	—	28.3	
—	—	—	—	—	—	—	—	25.2	—	25.2	
(121.5)	—	—	—	—	—	—	—	(121.5)	(4.3)	(125.8)	
—	(7.5)	—	—	—	—	—	—	(7.5)	—	(7.5)	
—	—	(10.7)	—	—	—	—	—	(10.7)	—	(10.7)	
—	—	(16.5)	—	—	—	—	—	(16.5)	—	(16.5)	
—	—	(2.4)	—	—	—	—	—	(2.4)	—	(2.4)	
—	—	—	100.6	—	—	—	—	100.6	—	100.6	
—	—	—	—	—	—	—	1 054.2	1 054.2	1.7	1 055.9	
—	—	—	—	—	(38.9)	—	—	(38.9)	—	(38.9)	
6.6	—	—	—	—	—	—	—	6.6	9.9	16.5	
—	—	—	—	—	—	—	(1.2)	(1.2)	(0.5)	(1.7)	
—	—	—	—	—	—	—	—	(577.4)	—	(577.4)	
191.6	(24.3)	(0.3)	(25.0)	1.8	(38.9)	0.2	5 344.6	6 002.0	47.5	6 049.5	
—	—	—	—	—	—	—	—	(8.0)	—	(8.0)	
—	—	—	—	—	—	—	—	23.7	—	23.7	
—	—	—	—	1.8	—	—	—	1.8	—	1.8	
—	—	—	—	(0.3)	—	—	0.3	—	—	—	
255.4	—	—	—	—	—	—	—	255.4	6.7	262.1	
—	—	7.4	—	—	—	—	—	7.4	—	7.4	
—	—	(7.4)	—	—	—	—	—	(7.4)	—	(7.4)	
—	—	0.1	—	—	—	—	—	0.1	—	0.1	
—	—	—	(186.1)	—	—	—	—	(186.1)	—	(186.1)	
—	—	—	—	—	—	—	516.1	516.1	(20.8)	495.3	
—	—	—	—	—	—	—	(1.7)	(1.7)	—	(1.7)	
—	—	—	—	—	—	—	—	(644.8)	—	(644.8)	
447.0	(24.3)	(0.2)	(211.1)	3.3	(38.9)	0.2	5 859.3	5 958.5	33.4	5 991.9	

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	2008 R million	2007 R million
14. CAPITAL AND RESERVES <i>(continued)</i>		
Share capital and premium		
Authorised:		
745 000 000 ordinary shares of 5 cents each	37.3	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	1.6
100 redeemable preference shares of 5 cents each	—	—
Authorised share capital	39.9	39.9
Issued:		
658 141 761 (2007: 655 972 061) ordinary shares of 5 cents each	32.9	32.8
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	1.6
Issued share capital	35.5	35.4
27 183 812 (2007: 30 395 534) ordinary shares have been set aside for employees' share schemes.		
The preferred ordinary shares will convert to ordinary shares on the earlier of 31 January 2011 or the date on which Red Coral Investments 23 (Proprietary) Limited is obliged to redeem all the preference shares issued to its financiers, upon an event of default, in accordance with the terms of the preference shares agreements between Red Coral and its financiers.		
The preferred ordinary shares will confer on the holders the right to receive a cumulative fixed annual dividend of 100 cents payable in equal instalments of 50 cents each on 31 January and 31 July each year up to 31 January 2011, with each distribution ranking ahead of the ordinary shares.		
Share premium	825.1	1 526.3
Treasury shares	(1 215.2)	(1 295.2)
27 369 195 ordinary shares held by the Nampak Black Management Share Trust	(348.6)	(378.8)
51 301 ordinary shares held by the Nampak 1979 Share Purchase Scheme	(0.3)	(0.4)
31 857 195 preferred ordinary shares held by Red Coral Investments 23 (Proprietary) Limited on behalf of broad-based participants in Nampak's Black Economic Empowerment Scheme	(290.5)	(290.5)
45 070 855 ordinary shares held by Nampak Products Limited	(575.8)	(625.5)
Share option reserve	277.8	285.8
Capital reserves	(112.3)	516.9

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	2008	2007
14. CAPITAL AND RESERVES <i>(continued)</i>		
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	655 972 061	653 726 161
Ordinary shares allotted to employees other than directors in terms of the Nampak 1985 Share Option Scheme	2 169 700	2 245 900
Number of ordinary shares issued at end of year	658 141 761	655 972 061
Treasury shares	(72 491 351)	(72 491 351)
Net number of ordinary shares	585 650 410	583 480 710

Preferred ordinary shares

There were no changes to the 31 857 195 shares allotted to Red Coral Investments 23 (Proprietary) Limited.

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.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hyper-inflation capital adjustment

An entity whose functional currency is that of a hyper-inflationary economy is required to restate its financial results so as to present a more comparable set of financial statements. The hyper-inflation capital adjustment is used to show the hyper-inflation 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 equity.

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.

Minority interest

Minority interest represents the value of the remaining ownership in the subsidiary investments that are not wholly owned by the group.

for the year ended 30 September 2008

			2008 R million	2007 R million
15. LOANS AND BORROWINGS				
	Redeemable/ repayable	Year-end interest rates		
Secured loans ¹				
– local	2013	14.6%	1 000.0	–
– foreign	2009 – 2011	5.8% to 14.6%	350.5	443.0
Unsecured loans				
– local	2011 – 2013	15.5%	178.1	164.2
– foreign	2009 – 2011	8.9%	4.4	3.7
Capitalised finance leases ²				
– local	2009 – 2013	12.5% to 13.5%	33.7	39.8
– foreign	2009 – 2012	20.5%	1.9	1.0
Non-recourse debt ³				
– local	2009 – 2011	8.1% to 9.4%	265.6	273.1
			1 834.2	924.8
Less: instalments due for repayment within one year, reflected as current loans			93.1	398.3
Net non-current loans and borrowings			1 741.1	526.5

¹ Loans and borrowings are secured by the following assets:

In the previous year, R1.3 million debt was secured by the encumbrance of immovable properties, plant and equipment having a book value of R1.1 million.

R226.0 million (2007: R320.9 million) debt is secured by a guarantee issued by Nampak Holdings (UK) plc ("NHUK") and its subsidiaries.

The facility is subject to covenants relating to interest cover, gearing and liquidity of the NHUK group. The NHUK group was well within the covenant requirements throughout the year under review.

R1 124.7 million (2007: R120.8 million) debt is secured by guarantees issued by Nampak Limited. R1 000.0 million of 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.

No liabilities have been recognised for the outstanding guarantees.

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.

³ The non-recourse debt relates to the preference share funding obtained by Red Coral Investments 23 (Proprietary) 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.

for the year ended 30 September 2008

	2008 R million	2007 R million
15. LOANS AND BORROWINGS (continued)		
Current loans		
Current portion of loans	78.3	380.5
Current portion of finance leases	14.8	17.8
Short-term loans ¹	1 330.0	—
Commercial paper – unsecured ²	641.0	—
Bank overdrafts – unsecured	506.2	1 603.5
Total current loans	2 570.3	2 001.8
Total borrowings	4 311.4	2 528.3

¹ Short-term loans have repayment terms of between three and six months with interest rates ranging between 13% and 14.75% per annum.

² Terms and conditions of the commercial paper are set out in note 1.

Summary of borrowings by year of redemption or payment

	Total	Local	Foreign
Total owing at 30 September 2008	1 834.2	1 477.4	356.8
	2009	22.2	70.9
	2010	19.1	33.5
Repayable during the year ending 30 September	2011	268.9	252.3
	2012	2.5	0.1
	2013 onwards	1 164.7	—

Included above are minimum lease payments due on capitalised finance leases by year of redemption or payment:

	Total	Local	Foreign
Total owing at 30 September 2008	35.6	33.7	1.9
	2009	14.1	0.7
Minimum lease payments repayable during	2010	10.4	0.6
the year ending 30 September	2011	6.4	0.4
	2012	2.4	0.2
	2013 onwards	0.4	—

The directors estimate the fair value of the group's borrowings by discounting their future cash flows at the market rate.

	2008 R million	2007 R million
16. OTHER NON-CURRENT LIABILITIES		
Fixed escalation operating lease accrual		
Operating lease liabilities	15.9	17.7
Less: Current portion	13.4	6.1
	2.5	11.6
Non-current portion of provisions (note 19)	68.6	2.1
Total other non-current liabilities	71.1	13.7

The operating leases relate to a number of land and buildings with remaining terms from 2009 to 2013.

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17. RETIREMENT BENEFIT INFORMATION

17.1 Defined contribution funds

Membership and costs for each fund are as follows:

	Country	Members		Contribution costs	
		2008	2007	2008 R million	2007 R million
Nampak Group Pension Fund	RSA	1 949	1 768	60.1	54.9
Nampak Provident Fund	RSA	8 046	7 157	88.2	75.1
Nampak (KPL) Provident Fund	RSA	436	480	9.0	9.5
Metal Box Namibia Pension Fund*	Namibia	—	13	—	0.2
Nampak Kenya Limited Provident Fund	Kenya	154	156	0.2	0.2
Nampak Kenya Limited Staff Pension and Life Assurance Scheme	Kenya	34	34	0.1	0.9
Nampak Cartons Stakeholder Pension Plan	UK	213	231	4.7	4.8
Nampak Plastics Group Stakeholder Pension Plan	UK	187	204	3.4	2.8
M.Y. Group Stakeholder Pension Plan	UK	392	408	8.5	8.2
		11 411	10 451	174.2	156.6
External funds					
External funds	Europe	57	57	1.3	1.2
Industry funds	RSA	1 020	1 864	8.1	16.4
		1 077	1 921	9.4	17.6
Totals		12 488	12 372	183.6	174.2

*This scheme was closed during the current financial year with the members being retrenched. Contribution costs up until the date of closure were R16 944.

17.2 Defined benefit funds

With effect from 7 December 2001 the Pension Funds Second Amendment Bill was enacted in South Africa. In terms of these amendments any surplus residing in pension funds governed by the South African Pension Funds Act of 1956 must be allocated on a fair basis to current and past members of the respective funds. The surplus apportionment exercise has been completed and the apportionment was approved by the Financial Services Board in June 2008. No surplus has been recognised in respect of these funds in the current year.

for the year ended 30 September 2008

17. RETIREMENT BENEFIT INFORMATION (continued)**17.2 Defined benefit funds** (continued)

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Pension plans		Post-retirement medical
	South Africa	Europe	
2008			
Assumptions			
Discount rate	9.1%	6.6%	8.8%
Consumer price inflation (long term)	5.3%	3.4%	6.2%
Expected return on funds' assets	9.1%	7.1%	8.8%
Rate of compensation increase	6.8%	4.3%	—
Pension increase	5.3%	3.1%	—
Rate of medical inflation	—	—	6.7%
Healthcare cost trend	—	—	6.7%
Membership data			
Total membership	31	2 222	4 712
Agreed employer contribution rate	18.5%	14.7%*	—
2007			
Assumptions			
Discount rate	9.0%	5.8%	9.3%
Consumer price inflation (long term)	5.2%	3.1%	5.5%
Expected return on funds' assets	9.6%	6.9%	9.8%
Rate of compensation increase	6.7%	1.9%	—
Pension increase	4.9%	2.9%	—
Rate of medical inflation	—	—	6.0%
Healthcare cost trend	—	—	6.0%
Membership data			
Total membership	54	3 033	5 416
Agreed employer contribution rate	20.1%	11.9%*	—

*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.

for the year ended 30 September 2008

17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Pension plans		Post-retirement medical
	South Africa	Europe	
2008			
Equity instruments	80.0%	30.3%	—
Debt instruments	20.0%	27.1%	—
Diversified growth fund	—	18.2%	—
Insured pensioners' policy	—	8.9%	—
Property	—	6.9%	—
Cash	—	3.7%	100.0%
Other	—	4.9%	—
2007			
Equity instruments	74.5%	32.8%	—
Debt instruments	11.8%	31.2%	—
Diversified growth fund	—	18.8%	—
Property	11.0%	6.6%	—
Cash	0.6%	1.1%	100.0%
Other	2.1%	9.5%	—

The amounts recognised on the balance sheet are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	medical R million	R million
2008				
Valuation results				
Fair value of plan assets	(28.3)	(1 406.8)	(60.2)	(1 495.3)
Present value of benefit obligations	29.0	1 624.5	970.9	2 624.4
Net liability in the balance sheet	0.7	217.7	910.7	1 129.1
2007				
Valuation results				
Fair value of plan assets	(33.7)	(1 440.8)	(366.5)	(1 841.0)
Present value of benefit obligations	36.5	1 618.5	751.1	2 406.1
Net liability on the balance sheet	2.8	177.7	384.6	565.1

for the year ended 30 September 2008

17. RETIREMENT BENEFIT INFORMATION (continued)**17.2 Defined benefit funds** (continued)

The amounts recognised in the income statement are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	R million	R million
2008				
Current service cost	1.1	9.0	15.0	25.1
Interest cost	3.3	97.8	69.5	170.6
Expected return on plan assets	(3.2)	(103.3)	(35.7)	(142.2)
Total	1.2	3.5	48.8	53.5
Actual return on plan assets	(5.2)	(147.0)	64.5	(87.7)
Net actuarial (gain)/loss taken to equity	(2.1)	97.0	152.5	247.4
2007				
Current service cost	1.0	7.8	14.7	23.5
Interest cost	2.9	87.5	70.1	160.5
Expected return on plan assets	(2.8)	(88.8)	(39.6)	(131.2)
Total	1.1	6.5	45.2	52.8
Actual return on plan assets	3.7	94.9	5.0	103.6
Net actuarial loss/(gain) taken to equity	0.3	(154.0)	5.6	(148.1)
Changes in the fair value of plan assets are as follows:				
At 1 October 2006	28.5	1 404.1	396.8	1 829.4
Expected return	2.8	88.8	39.6	131.2
Actuarial gains/(losses)	0.9	6.1	(34.6)	(27.6)
Contributions by employers	1.0	43.6	—	44.6
Contributions by members	0.5	1.3	—	1.8
Translation difference on foreign plans	—	(58.5)	—	(58.5)
Benefits paid	—	(44.6)	(35.3)	(79.9)
At 30 September 2007	33.7	1 440.8	366.5	1 841.0
Expected return	3.2	103.3	35.7	142.2
Actuarial (losses)/gains	(8.4)	(250.3)	28.8	(229.9)
Contributions by employers	1.2	72.7	—	73.9
Cash received on cancellation of policy*	—	—	(366.5)	(366.5)
Contributions by members	0.4	1.2	—	1.6
Translation difference on foreign plans	—	89.7	—	89.7
Benefits paid	(1.8)	(50.6)	(4.3)	(56.7)
At 30 September 2008	28.3	1 406.8	60.2	1 495.3

*During the current financial year, the insurance policy against the post-retirement medical aid liability of Nampak was cancelled as per the settlement agreement with the South African Revenue Service. This amount is held in cash. Nampak still has an obligation to settle the liability for those employees still entitled to the post-retirement medical aid benefits.

*for the year ended 30 September 2008***17. RETIREMENT BENEFIT INFORMATION** *(continued)***17.2 Defined benefit funds** *(continued)*

	Pension funds		Post-retirement	Total
	South Africa R million	Europe R million	medical R million	
Changes in the present value of the defined benefit obligation are as follows:				
At 1 October 2006	30.9	1 783.0	737.4	2 551.3
Service cost	1.0	7.8	14.7	23.5
Interest cost	2.9	87.5	70.1	160.5
Actuarial losses/(gains)	1.2	(147.9)	(29.0)	(175.7)
Contributions by members	0.5	1.3	—	1.8
Translation difference on foreign plans	—	(68.6)	—	(68.6)
Benefits paid	—	(44.6)	(42.1)	(86.7)
At 30 September 2007	36.5	1 618.5	751.1	2 406.1
Service cost	1.1	9.0	15.0	25.1
Interest cost	3.3	97.8	69.5	170.6
Actuarial (gains)/losses	(10.5)	(153.3)	181.3	17.5
Contributions by members	0.4	1.2	—	1.6
Translation difference on foreign plans	—	101.9	—	101.9
Benefits paid	(1.8)	(50.6)	(46.0)	(98.4)
At 30 September 2008	29.0	1 624.5	970.9	2 624.4
Expected contributions to defined benefit plans in 2009	0.4	41.0	—	41.4

The total unfunded pension liability is R0.7 million (2007: R2.0 million) and the unfunded post-retirement liability is R928.9 million (2007: Rnil).

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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:

	Defined benefit pension plans			
	2008 R million	2007 R million	2006 R million	2005 R million
Fair value of plan assets	1 435.1	1 474.5	1 432.6	997.8
Present value of benefit obligations	(1 653.5)	(1 655.0)	(1 813.9)	(1 238.7)
Deficit	(218.4)	(180.5)	(381.3)	(240.9)
Experience adjustments on plan liabilities	2.9%	—	(0.1%)	1.3%
Experience adjustments on plan assets	(17.2%)	5.6%	4.4%	11.8%
	Post-retirement medical			
	2008 R million	2007 R million	2006 R million	2005 R million
Fair value of plan assets	60.2	366.5	396.8	339.3
Present value of benefit obligations	(970.9)	(751.1)	(737.4)	(639.1)
Deficit	(910.7)	(384.6)	(340.6)	(299.8)
Experience adjustments on plan liabilities	(2.8%)	2.7%	(14.3%)	3.0%
Experience adjustments on plan assets	(5.4%)	(4.1%)	2.2%	2.7%

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17. RETIREMENT BENEFIT INFORMATION (continued)

17.2 Defined benefit funds (continued)

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	125.3	100.8
Effect on defined benefit obligation	1 146.2	860.0

The statutory actuarial valuations of the defined benefit funds are as follows:	Valuation date	Fair value of assets R million	Fair value of liabilities R million	Valuation basis
Nampak Group Pension Fund*	29/02/2004	22.8	21.3	AA
Nampak plc Pension Plan	05/04/2007	514.6	620.9	MFR
Nampak plc Staff Pension Plan	05/04/2007	381.3	473.5	MFR
Malbak Group of Companies Pension Fund**	29/02/2004	3.3	4.2	AA
M.Y. Group Stakeholder Pension Plan	05/04/2007	530.2	591.2	MFR
Nampak Post-Retirement Medical Aid Fund	30/09/2006	350.6	692.8	PUC
Malbak Post-Retirement Medical Aid Fund	30/09/2006	46.2	44.6	PUC

AA: attained age MFR: minimum funding requirements PUC: projected unit cost

*This plan had a valuation date of 28 February 2007. Due to approval of the surplus apportionment in June 2008, the actual valuation is required by the Financial Services Board by 31 December 2008.

**The surplus apportionment has been submitted to the Financial Services Board for approval. The actuarial valuation can only commence once this approval is obtained.

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 balance sheet date.

The valuations listed above are not necessarily the valuations used in determining the surplus or obligation recognised on the balance sheet.

for the year ended 30 September 2008

	2008 R million	2007 R million
18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables	1 690.2	1 195.6
Accruals	1 460.1	1 331.6
Derivative financial instruments (note 1)	17.1	18.5
Cash-settled share-based payments	0.3	—
Other	109.7	194.2
Total	3 277.4	2 739.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables and other current liabilities approximates their fair value.

19. PROVISIONS

	Unbundling R million	Restruc- turing R million	Customer claims R million	Decom- missioning costs R million	Other R million	Total R million
At 1 October 2006	43.7	7.0	3.2	4.2	—	58.1
Additions	—	20.6	5.2	0.1	—	25.9
Usage	—	(7.4)	(0.5)	—	—	(7.9)
Reversals	—	(3.8)	(2.6)	—	—	(6.4)
Translation differences	—	(0.3)	0.1	(0.1)	—	(0.3)
At 30 September 2007	43.7	16.1	5.4	4.2	—	69.4
Additions	—	67.7	5.3	2.2	66.7	141.9
Usage	—	(7.3)	(2.4)	—	—	(9.7)
Reversals	(43.7)	—	(4.7)	(0.6)	—	(49.0)
Translation differences	—	2.3	—	0.5	1.6	4.4
Other	—	(1.7)	0.2	2.2	—	0.7
At 30 September 2008	—	77.1	3.8	8.5	68.3	157.7
					2008 R million	2007 R million
Analysed as:						
Current					89.1	67.3
Non-current (note 16)					68.6	2.1
					157.7	69.4

for the year ended 30 September 2008

19. PROVISIONS *(continued)*

Unbundling

These provisions relate to potential liabilities identified when the Malbak group unbundled its non-packaging business to shareholders. The provision has been released in the current year.

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 amounts mainly relate to onerous lease provisions in the Cartons and Healthcare businesses in the UK.

Other than the decommissioning costs and onerous lease provisions, the provisions are expected to be utilised in the next 12 months.

	2008 R million	2007 R million
20. REVENUE		
Sale of goods	18 390.1	16 934.7
Rendering of services	20.1	33.9
Other	47.3	45.8
	18 457.5	17 014.4
21. PROFIT FROM OPERATIONS		
Profit from operations is stated after taking into account the following items:		
21.1 Cost of goods sold	14 023.0	12 720.5
21.2 Included in employee benefit expense		
Retrenchment costs	59.0	27.9
Defined benefit plan expense	53.5	52.8
Share-based payment (reversal)/expense on BEE transaction	(12.8)	20.0
Other share-based payment expenses	5.1	8.3
21.3 Depreciation and amortisation consists of		
Investment properties	0.1	0.6
Freehold and leasehold buildings	27.2	21.6
Plant, equipment and vehicles	646.7	610.1
Intangible assets	76.9	69.4
	750.9	701.7

for the year ended 30 September 2008

	2008 R million	2007 R million
21. PROFIT FROM OPERATIONS (continued)		
21.4 Included in other operating expenses and income		
Auditors' remuneration		
Audit fees	20.7	19.3
Expenses	0.9	1.0
Tax services	5.6	5.3
Other services	3.3	1.4
	30.5	27.0
The following additional amounts paid to auditors were capitalised during the year:		
ERP support	9.8	9.6
Selling expenses	50.0	39.0
Distribution expenses	937.5	796.4
Impairments		
Freehold and leasehold buildings	4.4	—
Plant and equipment	14.6	17.0
Assets classified as held for sale	12.5	—
Goodwill	568.9	—
Intangible assets	4.8	1.6
Other investments	0.3	—
	605.5	18.6
Reversal of impairment losses on plant and equipment	(3.8)	(11.9)
Administration and technical fees	20.7	16.3
Rentals in respect of operating leases		
Property	116.3	97.2
Plant, equipment and vehicles	7.6	8.2
Total	123.9	105.4
Research and development expenditure	27.3	28.2
Net profit on disposal of businesses	(5.4)	(16.8)
Hyper-inflation monetary adjustment	—	4.9
Restructuring costs	35.4	3.6
Government grants received	(1.3)	(2.0)

for the year ended 30 September 2008

	2008 R million	2007 R million
21. PROFIT FROM OPERATIONS <i>(continued)</i>		
21.4 Included in other operating expenses and income <i>(continued)</i>		
Net profit on foreign exchange	(76.5)	(3.1)
Financial instruments fair value (gain)/loss	(25.6)	83.4
Transfer from equity on cash flow hedges	0.1	(2.4)
Cash flow hedge ineffectiveness	0.5	(0.5)
Net profit on disposal of property	(19.5)	(20.2)
Net loss on disposal of plant and equipment	5.2	0.5
Europe strategic review costs	—	50.3
Loss resulting from Thorpe fire	50.8	—
Insurance proceeds from Thorpe fire	(161.0)	—
Provision for onerous leases	64.7	—
21.5 Directors' emoluments		
<i>Executive directors</i>		
For managerial services	17.9	17.2
Retirement fund contributions for managerial services	0.6	0.6
Total (a)	18.5	17.8
<i>Non-executive directors</i>		
For services as directors	2.7	2.3
Total (b)	2.7	2.3
<i>Paid by:</i>		
Company	10.2	15.8
Subsidiary companies	10.9	4.3
Total (a) + (b)	21.1	20.1
Other remuneration not included in other operating expenses:		
Gains made under the share schemes	6.7	—

22. SHARE-BASED PAYMENTS

All share schemes are classified as equity-settled schemes.

Black Management Trust ("BMT")

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 is open to all the group's current and future black managers in South Africa.

In the current financial year, the BMT expense was calculated as follows:

- The vesting period for all shares in the BMT is five years from the day of the initial transaction, amortising the expense evenly over the vesting period.
- New fair values have been calculated for each grant.
- Future attrition rates have been revised taking into account past forfeiture history which was higher than previously estimated.

The above assumptions are not consistent with prior years' calculations, resulting in a net credit in the current year to correct the cumulative expense recognised.

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 occurs after 30 September 2006 but on or before 30 September 2008, 1.4% of the beneficiaries' shares will vest for each completed month of employment between 30 September 2006 and the termination date.

Beneficiaries who cease to be employed by the Nampak group through a non-permitted employee event between the initial allocation and 30 September 2010 will forfeit all their rights under the BMT.

In the case of a permitted employee event, all rights under the BMT will be forfeited if the termination date occurs before 30 September 2008. If the termination date occurs between 30 September 2008 and 30 September 2010, rights will 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 predetermined 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 10-year lock-in period on 31 December 2015.

The fair value of rights allocated was calculated using the Monte Carlo simulation, and this expense is amortised over the vesting period of the shares.

The following assumptions were used in the model:

Allocation date	Weighted average exercise price ¹	Weighted average fair value	Expected volatility ²
15 December 2005	15.4	2.6	23.5%
31 March 2006	15.3	3.7	24.7%
30 September 2006	15.7	4.5	25.0%
31 March 2007	15.9	7.2	26.2%
30 June 2007	16.3	6.7	25.5%
30 September 2007	16.4	7.7	31.4%
31 March 2008	16.6	4.3	33.4%

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 5.3% was used in the model. The scheme has an expected life of 10 years.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS *(continued)*

Details of the share grants outstanding during the year and the amortised expense is as follows:

Allocation date	2008		2007		2006		2005	
	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005	
Outstanding at beginning of year	—	—	2 390 000	1 875 000	1 500 000	1 060 000	13 270 000	
Granted during the year	3 995 000	1 425 000	—	—	—	—	—	
Deaths during the year	—	—	—	—	—	—	(75 000)	
Retirements during the year	—	—	—	—	—	(30 000)	(205 000)	
Resignations during the year	(190 000)	(170 000)	(410 000)	(570 000)	(630 000)	(275 000)	(2 330 000)	
Outstanding at end of year	3 805 000	1 255 000	1 980 000	1 305 000	870 000	755 000	10 660 000	
Total share grants outstanding at September 2008								20 630 000

Allocation date	2007		2006		2005	
	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005	
Outstanding at beginning of year	—	—	—	1 600 000	17 995 000	
Granted during the year	2 670 000	1 990 000	1 795 000	—	—	
Retirements during the year	—	—	—	—	(500 000)	
Resignations during the year	(280 000)	(115 000)	(295 000)	(540 000)	(4 225 000)	
Outstanding at end of year	2 390 000	1 875 000	1 500 000	1 060 000	13 270 000	
Total share grants outstanding at September 2007						20 095 000

¹ Allocation letters for these allocations were issued after yearend, therefore the expense relating to 30 September allocations are recognised in the following financial year.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS (continued)**Performance Share Plan ("PSP")****Allocation: July 2006**

During July 2006, the group adopted a performance share plan. Participation is restricted to senior executives and executive directors, and is subject to approval by the remuneration and nominations committee.

Performance shares were allocated on condition that a certain performance criteria will be satisfied commencing on 1 April 2006 and ending on 31 March 2009, which is the performance period. On 15 June 2009, the extent to which the performance criteria has been met will be measured. The number of shares released will depend on Nampak's ranking for the performance period as well as a cumulative increase in annual headline earnings per share at 2% per annum in excess of the consumer price index as published by Statistics South Africa. To the extent that the performance criteria are not met, the number of performance shares capable of being exercised will be less than the number allocated. The ranking is based on Nampak's total shareholder return ("TSR") compared to the TSR of constituent companies of the ALSI 40, excluding mining and resources companies. The vesting period of the share appreciation rights is 15 June 2009 to 15 June 2012.

Between the third and fifth year of the grant, such rights will be proportionately released so that after five years the participant will be entitled to receive full rights under the PSP.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of shares 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 result in the forfeiture of allocated shares. Termination of employment after the expiry of the three years from allocation date will result in shares vesting proportionately between the third and fifth year from the allocation date.

The vesting schedule below highlights the allocation of the PSP rights:

	Vesting percentage of performance shares under award
TSR ranking of Nampak	
26 or lower out of 32 companies	0%
15 out of 32 companies	33.5%
5 out of 32 companies	90%
1 out of 32 companies	100%

Details of the share grants outstanding during the year are as follows:

	2008 Number of awards	2007 Number of awards
Outstanding at beginning of year	1 295 000	1 295 000
Forfeited during the year	(130 000)	—
Retirements during the year	(52 361)	—
Outstanding at end of year	1 112 639	1 295 000
Exercisable at end of year	—	—

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS (continued)

Share grants outstanding at the end of the year have the following expiry dates:

Expiry date – year ending on 30 September	Shares 2008 '000	Shares 2007 '000
2009	370.9	431.7
2010	370.9	431.7
2011	370.9	431.6

At the end of the financial year ending 30 September 2008 it is expected that the performance criteria listed above will be met and all shares allocated will vest.

Allocation: December 2007

On 10 December 2007 the board allocated performance shares to senior executives and executive directors, which allocation is subject to approval by the remuneration and nominations committee.

The performance shares have been allocated subject to performance criteria being satisfied over the period commencing on 1 October 2007 and ending on 30 September 2010.

The performance criteria imposed for the second allocation are as follows:

- 50% of the performance shares will be subject to the total shareholder return (TSR) condition.
- 50% of the performance shares will be subject to the headline earnings per share (HEPS) condition.

The TSR condition is determined by comparing Nampak's TSR to that of constituent companies of the J200 Index (Top 40 JSE Companies), excluding mining and resources companies. The threshold performance criterion is that Nampak Limited obtains a TSR ranking of 25 amongst the comparator companies and the target performance criterion is that Nampak Limited obtains a TSR ranking of 1 amongst the comparator companies. The TSR ranking will be determined by computing a monthly return during the performance period and averaging these returns to yield a final position at the end of the performance period.

Performance below the threshold performance criterion will result in no performance shares (subject to the TSR condition) vesting. If the target performance criterion is met, 100% of the performance shares (subject to the TSR condition) will vest proportionately between the third and fifth year of the grant so that after five years the participant will be entitled to receive full rights under the PSP.

The threshold HEPS performance condition is that the HEPS of Nampak Limited for the financial year ending 30 September 2010 exceeds the HEPS per ordinary share for the financial year ending 30 September 2007 by the percentage change in the CPIX index over the three years plus 15%. The target performance criterion is that the HEPS for the year ending 30 September 2010 exceeds the HEPS for the year ending 30 September 2007 by the percentage change in the CPIX index over the three years by 45%.

Performance below the threshold performance criterion will result in no performance shares (subject to the HEPS condition) vesting. If the target performance criterion is met, 100% of the performance shares (subject to the HEPS condition) will vest proportionately between the third and fifth year of the grant so that after five years the participant will be entitled to receive full rights under the PSP. Performance shares will vest linearly between threshold and target performance criteria.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of shares 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 result in the forfeiture of allocated shares. Termination of employment after the expiry of the three years from allocation date will result in shares vesting proportionately between the third and fifth year from the allocation date.

*for the year ended 30 September 2008***22. SHARE-BASED PAYMENTS** *(continued)*

Details of the share grants outstanding during the year are as follows:

	2008 Number of awards
Granted during the year	1 530 928
Forfeited during the year	(167 148)
Retirements during the year	(123 985)
Outstanding at end of year	1 239 795
Exercisable at end of year	—
Share grants outstanding at the end of the year have the following expiry dates:	
	Shares 2008 '000
Expiry date – year ending on 30 September	
2010	413.3
2011	413.3
2012	413.3

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 2008 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 2008.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS *(continued)*

Share Appreciation Plan ("SAP")

Allocation: July 2006

During July 2006, the group adopted a share appreciation plan. Participation is restricted to senior management and executive directors, and is subject to the approval by the remuneration and nominations committee.

Share appreciation rights were allocated on condition that a certain performance criterion will be satisfied commencing on 1 April 2006 and ending on 31 March 2009, which is the performance period. On 15 June 2009, the extent to which the performance criterion has been met will be measured. The performance criterion is based on improvements in Nampak's annual headline earnings per share ("AHEPS") relative to the cumulative CPI within the performance period. The vesting period of the share appreciation rights is 15 June 2009 to 15 June 2012. Nampak has the option at exercise date to discharge its obligation to deliver shares by paying a cash bonus equivalent to the market value of the shares entitled.

Between the third and fifth year of the grant, such rights will be proportionately released so that after five years the participant will be entitled to receive full rights under the SAP.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of 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 result in the forfeiture of their allocated share appreciation rights. Termination of employment after the expiry of the three years from allocation date will result in share appreciation rights vesting proportionately between the third and fifth year from the allocation date.

The value of the number of shares settled will be the difference between the exercise price and the fair market value on the date of exercise.

The vesting schedule below highlights the allocation of the SAP rights:

AHEPS relative to CPI	Vesting percentage of performance shares under allocation
CPI + 2%	0%
CPI + 3%	30%
CPI + 6%	60%
CPI + 9%	100%

The number of share appreciation rights capable of being exercised will be determined on a straight-line basis between the abovementioned points.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS (continued)

Details of the share rights outstanding during the year are as follows:

	2008		2007	
	Number of allocations	Weighted average exercise price R	Number of allocations	Weighted average exercise price R
Outstanding at beginning of year	2 725 500	17.08	2 896 500	17.07
Granted during the year	—	—	8 000	18.82
Forfeited during the year	(390 500)	17.07	(179 000)	17.07
Retirements during the year	(15 333)	17.07		
Outstanding at end of year	2 319 667	17.08	2 725 500	17.08
Exercisable at end of year	—		—	

Share rights outstanding at the end of the year have the following expiry dates:

Expiry date – year ending on 30 September	Shares	Shares
	2008 '000	2007 '000
2009	773.2	908.5
2010	773.2	908.5
2011	773.2	908.5

At the end of the financial year ending 30 September 2008 it is expected that the performance criterion for HEPS will be met at a growth of CPI plus 9% resulting in 100% of the share appreciation rights capable of vesting.

Allocation: December 2007

On 10 December 2007, share appreciation rights (SARs) were awarded to senior employees of Nampak.

The SARs are subject to performance criterion being met over a three-year performance period commencing on 1 October 2007 and ending on 30 September 2010.

The target performance criterion is that Nampak Limited's headline earnings per share (HEPS) for the financial year ending 30 September 2010 exceeds the HEPS for the financial year ending 30 September 2007 by the percentage change in the CPIX index over these three years plus 6%.

If the target performance criterion is met, 100% of the share appreciation rights will vest proportionately between the third and fifth year of the grant so that after five years the participant will be entitled to receive full rights under the SAP.

Performance below the target performance criterion will result in no SARs vesting.

If a participant ceases to be employed by Nampak due to death, retirement or disability, the number of 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 result in the forfeiture of their allocated share appreciation rights. Termination of employment after the expiry of the three years from allocation date will result in share appreciation rights vesting proportionately between the third and fifth year from the allocation date.

The value of the number of shares settled will be the difference between the exercise price and the fair market value on the date of the exercise.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS *(continued)*

Details of the share rights outstanding during the year are as follows:

	2008	
	Number of allocations	Weighted average exercise price R
Granted during the year	3 469 171	22.13
Forfeited during the year	(331 989)	22.13
Retirements during the year	(94 761)	22.13
Outstanding at end of year	3 042 421	22.13
Exercisable at end of year	—	

Share rights outstanding at the end of the year have the following expiry dates:

Expiry date – year ending on 30 September	Shares 2008 '000
2010	1 014.1
2011	1 014.1
2012	1 014.1

The fair value of the performance shares allocated was calculated using the Black-Schöles framework. An early exercise factor of 2 was estimated at the time of performing the valuation and 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 2008 it is not expected that the performance criterion will be met and no expense will be recognised in the current year.

Nampak 1985 Share Option Scheme (“the Option Scheme”)

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.

for the year ended 30 September 2008

22. SHARE-BASED PAYMENTS (continued)

Details of the share options issued after 7 November 2002 and outstanding during the year are as follows:

	2008		2007	
	Number of allocations	Weighted average exercise price R	Number of allocations	Weighted average exercise price R
Outstanding at beginning of year	4 126 100	13.33	4 380 700	13.27
Forfeited during the year	(415 100)	13.68	(72 500)	12.34
Exercised during the year	(439 700)	13.07	(182 100)	12.34
Outstanding at end of year	3 271 300	13.32	4 126 100	13.33
Exercisable at end of year	3 271 300	13.32	896 433	12.38

Options have been exercised regularly throughout the year. The weighted average share price for the year is R17.35 a share.

Share options outstanding at the end of the year have the following expiry dates:

Expiry date – year ending on 30 September	Shares	Shares
	2008 '000	2007 '000
2013	108.2	108.2
2014	1 954.8	2 472.9
2015	1 208.3	1 545.0

The calculated fair values and significant inputs into the model were as follows:	PSP allocations		SAP allocations		The Option Scheme
	July 2006	December 2007	July 2006	December 2007	
Weighted average exercise price	—	—	17.1	22.1	13.3
Weighted average fair value	6.95	1	6.89	5.01 ²	5.25 ³
Expected volatility	37.1%	24.4%	37.1%	26.0%	23.4%
Expected life	5 years	5 years	5 years	10 years	10 years
Remaining life	2.7 years	4.2 years	2.7 years	9.2 years	5.1 years
Risk-free rate	7.1%	8.6%	7.1%	7.8%	8.3%
Expected dividend yield	5.6%	4.2%	5.6%	7.2%	3.2%

	R million	R million	R million	R million	R million
2008					
Amortised expense	1.5	1.2	2.2	—	0.2
2007					
Amortised expense	2.6	—	5.4	—	0.3

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.

¹ Value of the HEPS condition is R20.25 and TSR is R10.63.

² The fair value was determined by calculating a weighted average of the fair values per grade.

³ Weighted average fair value.

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	2008 R million	2007 R million
23. FINANCE COSTS		
Interest paid – short-term facilities	412.7	194.9
Interest paid – long-term facilities	47.1	85.4
Interest paid – other	0.2	4.3
Less: Interest capitalised	(59.4)	(11.6)
	400.6	273.0
Borrowing costs included in the cost of qualifying assets are calculated by applying a capitalisation rate of 12.7% to expenditure on those assets.		
24. FINANCE INCOME		
Interest received – short-term facilities	86.0	46.2
Interest received – joint ventures	30.7	19.2
Interest received – other	18.5	16.8
	135.2	82.2
25. INCOME FROM INVESTMENTS		
Normal dividends – South African	5.1	7.0
26. INCOME TAX		
Current tax		
– Current year	364.5	341.6
– Prior year	35.6	1.1
– Capital gains tax	(0.3)	0.3
– Hyper-inflation adjustment	—	6.7
Deferred tax		
– Current year	(48.0)	55.8
– Prior year	(138.7)	(12.7)
– Change in tax rate	(17.1)	(16.4)
– Capital gains tax	—	(1.8)
– Secondary tax on companies	0.4	(0.3)
– Hyper-inflation adjustment	—	4.4
Secondary tax on companies	2.9	2.4
Withholding and foreign tax	3.1	4.7
Total	202.4	385.8

The company tax rate in South Africa is 28% (2007: 29%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

for the year ended 30 September 2008

	2008 %	2007 %
26. INCOME TAX <i>(continued)</i>		
Reconciliation of rate of tax		
Effective group rate of tax	29.0	26.8
Reduction in tax charge due to:		
– dividend income	—	0.1
– exempt income (including capital profits)	3.4	1.1
– government incentives	4.5	2.5
– adjustment for prior year	14.8	0.8
– tax rate reduction	2.5	1.1
– capital gains tax	—	0.1
– tax rate differential	3.6	0.8
Increase in tax rate due to:		
– deferred taxation not recognised	(1.2)	(0.2)
– disallowable expenses	(4.1)	(2.4)
– hyper-inflation adjustment	—	(0.7)
– impairment of goodwill	(23.6)	—
– imputed income – section 9D	(0.1)	—
– secondary tax on companies	(0.5)	(0.1)
– share-based payment expense	0.1	(0.6)
– withholding taxes	(0.4)	(0.3)
Normal tax rate	28.0	29.0

In addition to the income tax expense charge to profit or loss, a deferred tax charge of R65.5 million (2007: R47.5 million) has been recognised in equity during the year.

for the year ended 30 September 2008

	2008 R million	2007 R million
27. DIVIDENDS AND CASH DISTRIBUTIONS		
Cash distributions from share premium		
Final cash distribution No 4 paid on 14 January 2008: 82.3 cents per share (2007: No 2 – 66.1 cents per share)	540.7	432.8
Interim cash distribution No 5 paid on 14 July 2008: 28.0 cents per share (2007: No 3 – 33.0 cents per share)	184.1	216.4
Cash distribution attributable to treasury shares	(80.0)	(71.8)
Net cash distribution	644.8	577.4
Other dividends	1.7	1.2
Total dividends and cash distributions	646.5	578.6
Secondary tax on companies ("STC") on dividends	10%	12.5%
The cash distributions paid out of share premium did not attract STC. On 21 November 2008, the directors declared a cash distribution No 6 of 72.0 cents per share, payable on 19 January 2009 to shareholders registered on 16 January 2009. This cash distribution is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.		
	Cents	Cents
Analysis of cash distributions declared in respect of current year's earnings:		
Cash distributions per ordinary share		
Interim	28.0	33.0
Final	72.0	82.3
	100.0	115.3

6.5% and 6% cumulative preference dividends

Preference dividends totalling R0.1 million (2007: R0.1 million) were declared on 21 November 2007 and 25 June 2008, and paid on 4 February 2008 and 4 August 2008 respectively.

for the year ended 30 September 2008

	2008 R million	2007 R million
28. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE		
The calculation of basic earnings per ordinary share is based on earnings of R516.0 million (2007: R1 054.1 million) and the weighted average of 585 301 286 (2007: 582 504 836) ordinary shares in issue during the year.		
The calculation of fully diluted earnings per ordinary share is based on earnings of R539.7 million (2007: R1 078.4 million) and the weighted average of 607 683 721 (2007: 626 903 310) ordinary shares in issue during the year.		
Determination of basic earnings		
Net profit attributable to equity holders of the company	516.1	1 054.2
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	516.0	1 054.1
Determination of diluted earnings		
Basic earnings	516.0	1 054.1
Dividend paid to preference share funders	23.7	24.3
Diluted earnings	539.7	1 078.4
Headline earnings per share		
Basic (cents per share)	177.3	184.6
Diluted (cents per share)	174.7	175.4
The calculation of headline earnings per ordinary share is based on earnings of R1 037.8 million (2007: R1 075.2 million) and the weighted average of 585 301 286 (2007: 582 504 836) ordinary shares in issue during the year.		
The calculation of fully diluted headline earnings per ordinary share is based on earnings of R1 061.5 million (2007: R1 099.5 million) and the weighted average of 607 683 721 (2007: 626 903 310) ordinary shares in issue during the year.		
Determination of headline earnings		
2008	Gross	Net
Basic earnings		516.0
Adjusted for:		
Net impairment losses on goodwill, plant, equipment and intangible assets	601.7	590.5
Net profit on disposal of businesses and other investments	(5.4)	(3.9)
Net profit on disposal of property, plant, equipment and intangible assets	(14.3)	(15.2)
Europe loss on assets destroyed in Thorpe fire*	40.2	40.2
Europe insurance proceeds on fixed assets**	(125.2)	(89.8)
Headline earnings		1 037.8
2007		
Basic earnings		1 054.1
Adjusted for:		
Net impairment losses on goodwill, plant, equipment and intangible assets	6.7	4.7
Net profit on disposal of businesses and other investments	(16.8)	(14.9)
Net profit on disposal of property, plant, equipment and intangible assets	(19.7)	(19.0)
Europe strategic review costs	50.3	50.3
Headline earnings		1 075.2

*The total loss from the Thorpe fire was R50.8 million of which R40.2 million related to fixed assets written off.

**The total insurance proceeds was R161.0 million of which R125.2 million related to proceeds on fixed assets.

for the year ended 30 September 2008

	2008 R million	2007 R million
28. BASIC, FULLY DILUTED AND HEADLINE EARNINGS		
PER ORDINARY SHARE <i>(continued)</i>		
Determination of diluted earnings		
Headline earnings	1 037.8	1 075.2
Dividend paid to preference share funders	23.7	24.3
Earnings	1 061.5	1 099.5
Determination of diluted average shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	585 301 286	582 504 836
Effect of dilutive potential ordinary shares:		
Ordinary shares issued to the Nampak Black Management Share Trust	—	18 037 893
Preferred ordinary shares issued to Red Coral Investments 23 (Proprietary) Limited	16 611 234	19 025 580
Other share incentive plans	5 771 201	7 335 001
Weighted average number of ordinary shares for the purpose of diluted earnings per share	607 683 721	626 903 310
29. 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		
2008	—	91.9
2009	117.1	80.9
2010	101.4	67.4
2011	84.4	55.7
2012	69.0	136.0
2013 and beyond	116.7	—
Total	488.6	431.9
<i>Comprising:</i>		
Land and buildings	411.8	380.9
Vehicles	10.2	4.7
Other	66.6	46.3
	488.6	431.9

for the year ended 30 September 2008

	2008 R million	2007 R million
30. CONTINGENT LIABILITIES		
Guarantees in respect of property leases	2.1	2.3
Customer claims and other	16.3	14.2
Taxation	—	670.2
Total	18.4	686.7
<p>In 2007, the group showed a contingent liability relating to taxation of R670.2 million. Following an agreement with SARS on a number of tax issues, an amount of R250 million was paid to SARS in settlement of these issues. Accordingly, the contingent liability is no longer required.</p>		
31. CAPITAL COMMITMENTS		
Capital commitments for acquisition of property, plant and equipment		
– contracted	420.1	826.1
– approved	767.6	861.5
Total	1 187.7	1 687.6
<p>The expenditure, which will become payable in the following year, will be financed from group resources and, if required, additional borrowings. Included in the total capital commitments is an amount of R880.8 million for the beverage can facility in Angola.</p>		
The group's share of capital commitments for property, plant and equipment of its jointly controlled entities are:	2.0	164.4

for the year ended 30 September 2008

	2008 R million	2007 R million
32. EVENTS AFTER BALANCE SHEET DATE		
On 8 October 2008, a commercial settlement was reached with the group's insurers in respect of the fire in Healthcare Europe for an amount of R271.3 million (£18.7 million). Of this, R161.0 million (£11.1 million) relating to fixed assets and stock was considered reasonably certain to be recovered at year-end and has been included in the 2008 results. The balance of R110.3 million (£7.6 million) relating to business interruption cover was not considered certain and will only be recorded in the 2009 financial year.		
33. 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 are 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	22.8	12.7
Joint ventures	1.6	1.7
	24.4	14.4
Purchases and services received from related parties:		
Contributions to the Nampak Medical Aid Society in respect of current employees	75.4	74.1
Interest received from related parties:		
Joint ventures	30.7	19.2
Interest paid to related parties:		
Joint ventures	3.3	2.1
Joint venture partner	24.1	16.4
	27.4	18.5
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 venture	182.3	170.0
Loans to minority shareholders	34.7	32.1
	217.0	202.1
Amounts payable to related parties:		
Loans from joint venture partner	163.2	149.2

Key management and directors

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly including any director (executive or otherwise). Key management personnel have been defined as the board of directors of the holding company, the executive committee of Africa (up to 1 March 2008), the executive committee¹ of Europe (up to 1 March 2008) and the group executive committee.

*for the year ended 30 September 2008***33. RELATED PARTY TRANSACTIONS** *(continued)*

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
MM Katz	Edward Nathan Sonnenbergs Inc	Executive chairman
RJ Khoza	Aka Capital (Proprietary) Limited ("Aka Capital")	Executive chairman
	Red Coral Investments 23 (Proprietary) Limited	
KM Mokoape	("Red Coral")	Shareholder
ML Ndlovu	Red Coral	Shareholder
CWN Molope	Red Coral	Shareholder
MH Visser	Remgro Limited	Chief executive officer
TN Jacobs	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Chairman audit committee
	Malbak Group Pension Fund	Employer trustee
FV Tshiqi	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Employer trustee (chairman)
LD Kidd	Nampak Group Pension Fund	Employer trustee
	Nampak plc Staff Pension Plan	Employer trustee (chairman)
	Nampak plc Pension Plan	Employer trustee (chairman)
	Malbak Group Pension Fund	Employer trustee (chairman)
NP O'Brien	Nampak Group Pension Fund	Employer trustee
L Taviansky ¹	M.Y. Group Holdings Pension Plan	Employer trustee
N Cumming ²	Packaging Council of South Africa	Chairman
M Collet ³	Packaging Council – Europe	Chairman
DA Hawton	Standard Bank Group	Non-executive director
RA Williams	FirstRand Limited	Non-executive director

¹ Resigned as a trustee on 14 March 2008.

² Retired on 31 May 2008.

³ Resigned on 30 April 2008.

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:

- 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.
- Remgro Limited owns 11.3% of the issued shares in Nampak Limited through Industrial Partnership Investments Limited. The group transacts with several entities in the Remgro group of companies on an arm's length basis.
- An amount of approximately R50 000 due to Edward Nathan Sonnenbergs Inc for completion of an opinion relating to the BEE transaction concluded in 2005.

Certain non-executive directors of the group are also non-executive directors of other public companies which may transact with the group. Except as disclosed above, the relevant individuals do not believe that they have significant influence over the financial and operating policies of those companies.

for the year ended 30 September 2008

	2008 R million	2007 R million
33. RELATED PARTY TRANSACTIONS <i>(continued)</i>		
Compensation relating to key management personnel		
The remuneration of directors and other members of key management during the year was as follows:		
Short-term employee benefits	53.1	76.1
Post-employment benefits	0.4	0.4
Termination benefits	16.4	—
Share-based payments	2.4	5.3
	72.3	81.8
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 page 42.		
34. NOTES TO THE CASH FLOW STATEMENTS		
34.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	697.7	1 441.7
Adjustment for:		
Depreciation and amortisation	750.9	701.7
Net profit on disposal of businesses, property, plant, equipment and intangible assets	(19.7)	(36.5)
Financial instruments fair value adjustment	(25.6)	83.4
Cash flow hedge ineffectiveness	0.5	(0.5)
Transfer from equity on cash flow hedges	0.1	(2.4)
Hyper-inflation monetary adjustment	—	4.9
Income from investments	(5.1)	(7.0)
Net defined benefit plan expense	53.5	52.8
Impairment losses	605.5	18.6
Reversal of impairment losses	(3.8)	(11.9)
Share of profits in associates	(8.7)	(4.3)
Share-based payments (reversal)/expense	(7.7)	28.3
Net finance costs	265.4	190.8
Operating profit before working capital changes	2 303.0	2 459.6
Increase in inventories	(205.6)	(233.1)
(Increase)/decrease in trade receivables and other current assets	(440.6)	65.0
Increase/(decrease) in trade payables and other current liabilities	486.5	(246.2)
Cash generated from operations	2 143.3	2 045.3

for the year ended 30 September 2008

	2008 R million	2007 R million
34. NOTES TO THE CASH FLOW STATEMENTS (continued)		
34.2 Acquisition of business		
In the prior year, the group acquired the remaining 50% shareholding in Burcap Plastics (Proprietary) Limited.		
The fair value of assets acquired and liabilities assumed at that date are as follows:		
Non-current assets	—	21.7
Non-current liabilities	—	(4.6)
Net working capital	—	1.6
	—	18.7
Goodwill arising on acquisition	—	6.1
Total purchase consideration	—	24.8
Overdraft acquired	—	0.4
Total purchase consideration	—	25.2
34.3 Disposal of businesses		
During the year, the group disposed of the rental hygiene business in Tissue.		
In the prior year, the group disposed of the Flexpak Bellville business, as well as 25.1% of the shareholding in Interpak Books (Proprietary) Limited, which was disposed to a BEE consortium.		
The effective shareholding in Nampak Polyfoil Zimbabwe (Pvt) Limited was reduced in the prior year from 70% to 0.7% by way of a rights issue that the group did not participate in.		
The fair value of assets and liabilities disposed of is as follows:		
Non-current assets	7.0	5.2
Non-current liabilities	—	(0.6)
Net working capital	6.8	21.8
Minority interest	—	9.9
	13.8	36.3
Goodwill realised on disposal	—	(1.7)
Costs associated with disposal	—	11.9
Release of foreign currency translation reserve	—	6.6
Profit on disposal of businesses	5.4	15.5
Total disposal consideration	19.2	68.6
Less: Cash disposed	0.2	—
Loan to minority shareholder	—	16.3
	19.0	52.3
34.4 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	1 727.9	603.5
Bank overdrafts (note 1.5)	(506.2)	(1 603.5)
	1 221.7	(1 000.0)

as at 30 September 2008

	Notes	2008 R million	2007 R million
ASSETS			
Non-current assets			
Investment in associate	1	9.3	10.3
Investment in subsidiaries	2	2 865.9	2 712.4
Other non-current financial assets	3	2 074.2	1 915.4
Deferred tax asset	4	—	0.4
		4 949.4	4 638.5
Current assets			
Other receivables		5.8	—
Bank balances, deposits and cash	5	157.5	45.7
		163.3	45.7
Total assets		5 112.7	4 684.2
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	6	35.5	35.4
Capital reserves	6	1 102.9	1 812.1
Other reserves		3.3	1.8
Retained earnings		3 227.1	2 311.8
Total equity		4 368.8	4 161.1
Current liabilities			
Other payables	7	7.2	6.4
Subsidiary companies	13	725.1	515.8
Tax liabilities		11.6	0.9
		743.9	523.1
Total equity and liabilities		5 112.7	4 684.2

for the year ended 30 September 2008

	Notes	2008 R million	2007 R million
Employee benefit expense		2.8	2.2
Other operating expenses		185.5	35.6
Other operating income		3.7	—
Loss from operations	8	(184.6)	(37.8)
Finance income	9	14.3	3.9
Income from investments	10	1 171.7	814.9
Share of (loss)/profit of associate	1	(2.0)	0.3
Profit before tax		999.4	781.3
Income tax expense	11	52.5	26.4
Profit for the year		946.9	754.9

for the year ended 30 September 2008

	Attributable to equity holders of the company					
	Share capital	Share premium	Share option reserve	Share of non-distributable reserve in associates	Retained earnings	Total equity
	R million	R million	R million	R million	R million	R million
At 1 October 2006	35.3	2 150.4	257.5	—	1 588.8	4 032.0
Employee share option scheme:						
– value of employee services	—	—	28.3	—	—	28.3
– proceeds from shares issued	0.1	25.1	—	—	—	25.2
Profit for the year	—	—	—	—	754.9	754.9
Dividends paid	—	—	—	—	(31.9)	(31.9)
Capital distribution from share premium	—	(649.2)	—	—	—	(649.2)
Share of non-distributable reserves in associate	—	—	—	1.8	—	1.8
At 30 September 2007	35.4	1 526.3	285.8	1.8	2 311.8	4 161.1
Employee share option scheme:						
– value of employee services	—	—	(8.0)	—	—	(8.0)
– proceeds from shares issued	0.1	23.6	—	—	—	23.7
Profit for the year	—	—	—	—	946.9	946.9
Dividends paid	—	—	—	—	(31.9)	(31.9)
Capital distribution from share premium	—	(724.8)	—	—	—	(724.8)
Share of non-distributable reserves in associate	—	—	—	1.8	—	1.8
Disposal of share in associate – transfer to distributable reserves	—	—	—	(0.3)	0.3	—
At 30 September 2008	35.5	825.1	277.8	3.3	3 227.1	4 368.8

for the year ended 30 September 2008

	Notes	2008 R million	2007 R million
Cash flows from operating activities			
Cash utilised in operations	14.1	(299.8)	(117.6)
Income from investments		1 171.7	814.9
Interest received		14.3	3.9
Income tax paid		(41.4)	(19.6)
Cash flows from operations			
Dividends paid		(31.9)	(31.9)
Cash distribution from share premium		(724.8)	(649.2)
Cash retained from operating activities			
		88.1	0.5
Cash flows from financing activities			
Capital proceeds from issue of shares		23.7	25.2
Cash retained from financing activities			
		23.7	25.2
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		45.7	20.0
Cash and cash equivalents at end of year			
	14.2	157.5	45.7

for the year ended 30 September 2008

	2008 R million	2007 R million
1. INVESTMENT IN ASSOCIATE		
(Refer to Annexure A for details)		
Cost of investment in associate	3.3	3.8
Share of other post-acquisition reserves	3.3	1.8
Share of post-acquisition profit, net of dividend received	2.7	4.7
Opening balance	4.7	4.4
Share of current year (loss)/profit	(2.0)	0.3
	9.3	10.3
The group has obligations to losses from associates to the extent of the value of the investment.		
Summarised financial information in respect of the company's associate is set out below:		
Revenue	67.4	85.4
(Loss)/profit for the year	(1.1)	1.3
Total assets	329.4	337.2
Total liabilities	301.1	309.2
Net assets	28.3	28.0
Company's share of associate's net assets	9.3	10.3
2. INVESTMENTS IN SUBSIDIARIES		
(Refer to Annexure A for details)		
Interest in subsidiaries	3 926.3	3 879.0
Share-based payments contribution	48.8	56.8
Less: Impairment losses	(1 420.0)	(1 237.5)
Net amount due by subsidiaries	310.8	14.1
Shares at cost less impairments	2 865.9	2 712.4
Directors' valuation	2 865.9	2 712.4
3. OTHER NON-CURRENT FINANCIAL ASSETS		
Grant to Nampak Black Management Trust	414.1	414.1
Nampak Products Limited	1 660.1	1 501.3
Total	2 074.2	1 915.4

The founding grant to the Nampak Black Management Trust does not bear interest and has no fixed repayment terms. The loan to Nampak Products Limited bears interest at 8.77% and is not repayable before October 2009.

for the year ended 30 September 2008

	2008 R million	2007 R million
4. DEFERRED TAX ASSET		
Charge to profit for the year – secondary tax on companies	—	0.4
Balance at 30 September 2008	—	0.4
5. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	0.3	0.2
Short-term bank deposits	157.2	45.5
Total	157.5	45.7
6. CAPITAL AND RESERVES		
Share capital and premium		
Authorised:		
745 000 000 ordinary shares of 5 cents each	37.3	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	1.6
100 redeemable preference shares of 5 cents each	—	—
Authorised share capital	39.9	39.9
Issued:		
658 141 761 (2007: 655 972 061) ordinary shares of 5 cents each	32.9	32.8
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	1.6
Issued share capital	35.5	35.4
26 683 812 (2007: 30 395 534) ordinary shares have been set aside for employees' share schemes.		
The preferred ordinary shares will convert to ordinary shares on the earlier of 31 January 2011 or the date on which Red Coral Investments 23 (Proprietary) Limited is obliged to redeem all the preference shares issued to its financiers, upon an event of default, in accordance with the terms of the agreements between Red Coral and its financiers.		
The preferred ordinary shares will confer on the holders the right to receive a cumulative fixed annual dividend of 100 cents payable in equal instalments of 50 cents each on 31 January and 31 July each year up to 31 January 2011, with each distribution ranking ahead of the ordinary shares.		
Share premium	825.1	1 526.3
Share option reserve	277.8	285.8
Capital reserves	1 102.9	1 812.1

for the year ended 30 September 2008

	2008 R million	2007 R million
6. CAPITAL AND RESERVES <i>(continued)</i>		
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	655 972 061	653 726 161
Ordinary shares allotted to employees other than directors in terms of the Nampak 1985 Share Option Scheme	2 169 700	2 245 900
Number of ordinary shares issued	658 141 761	655 972 061
Preferred ordinary shares		
There were no changes to the 31 857 195 shares allotted to Red Coral Investments 23 (Proprietary) Limited.		
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		
7. OTHER PAYABLES		
Accruals	7.1	6.4
Other	0.1	—
Total	7.2	6.4
Accruals principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of other payables approximates their fair value.		
8. LOSS FROM OPERATIONS		
Loss from operations is stated after taking into account the following items:		
8.1 Included in other operating expenses/(income)		
Impairment loss on investments in subsidiaries	182.5	33.3
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.		
9. FINANCE INCOME		
Interest received – current facilities	13.7	2.9
Interest received – other	0.6	1.0
	14.3	3.9

for the year ended 30 September 2008

	2008	2007
	R million	R million
10. INCOME FROM INVESTMENTS		
Normal dividends – South African	1 000.5	712.8
Interest received from subsidiaries	167.3	97.2
Fees	3.9	4.9
	1 171.7	814.9
11. INCOME TAX		
Current tax		
– Current year	52.9	31.1
– Prior year	(0.8)	(4.2)
Deferred tax		
– Secondary tax on companies	0.4	(0.4)
Secondary tax on companies	—	(0.1)
Total	52.5	26.4
The company tax rate in South Africa is 28% (2007: 29%) of the estimated assessable profit for the year.		
Reconciliation of rate of tax		
Effective company rate of tax	5.3	3.4
Reduction in tax charge due to:		
– dividend income	28.0	26.5
– adjustment for prior year	0.1	0.5
– secondary tax on companies	—	0.1
Increase in tax charge due to:		
– disallowable expenses	(5.3)	(1.4)
– imputed income – section 9D	(0.1)	(0.1)
Normal tax rate	28.0	29.0

for the year ended 30 September 2008

	2008 R million	2007 R million
12. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Preferred ordinary dividend	31.9	31.9
Total dividends paid	31.9	31.9
Cash distributions from share premium		
Final cash distribution No 4 paid on 14 January 2008: 82.3 cents per share (2007: No 2 – 66.1 cents per share)	540.7	432.8
Interim cash distribution No 5 paid on 14 July 2008: 28.0 cents per share (2007: No 3 – 33.0 cents per share)	184.1	216.4
Total cash distributions	724.8	649.2
Secondary tax on companies ("STC") on dividends	10%	12.5%
The cash distributions were paid out of share premium and did not attract STC. On 21 November 2008, the directors declared a cash distribution No 6 of 72.0 cents per share, payable on 19 January 2009 to shareholders registered on 16 January 2009. This cash distribution is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements.		
	Cents	Cents
Analysis of cash distributions declared in respect of current year's earnings:		
Cash distributions per ordinary share		
Interim	28.0	33.0
Final	72.0	82.3
	100.0	115.3
6.5% and 6% cumulative preference dividends		
Preference dividends totalling R0.1 million (2006: R0.1 million) were declared on 21 November 2007 and 25 June 2008, and paid on 4 February 2008 and 4 August 2008 respectively.		
13. 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 10. Non-current amounts outstanding from such entities are included in note 3. Current amounts payable to subsidiary companies are as follows:		
Metal Box South Africa Limited	11.7	11.7
Nampak Share Purchase Trust	0.2	0.1
Nampak Products Limited	359.3	504.0
Malbak Limited	353.9	–
	725.1	515.8

for the year ended 30 September 2008

	2008 R million	2007 R million
13. RELATED PARTY TRANSACTIONS <i>(continued)</i>		
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 27 of the group financial statements.		
Guarantees		
Guarantee for an amount not exceeding £140 million in favour of a consortium of banks in respect of borrowings owed by Nampak Holdings (UK) plc.	—	320.9
Guarantee for an amount not exceeding US\$22 million (2007: US\$32 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.	182.2	120.8
Guarantee for an amount not exceeding R20 million in favour of Concor Holdings (Proprietary) Limited in respect of the civil and building works for the paper mill at the Nampak Corrugated factory in Rosslyn.	20.0	20.0
Guarantee for an amount not exceeding US\$1.2 million on behalf of Nampak International Limited in favour of U.S. Steel relating to purchases by African operations.	9.9	8.3
Guarantee for an amount not exceeding US\$2 million on behalf of Nampak International Limited in favour of Arcelor Mittal.	16.6	—
Guarantee for an amount not exceeding US\$0.5 million on behalf of Nampak International Limited in favour of Sappi Deutschland.	4.1	—
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	—
Key management personnel		
Details of significant positions held by key management personnel and transactions with these entities are provided in note 33 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	2.7	2.6
The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.		

for the year ended 30 September 2008

	2008 R million	2007 R million
14. NOTES TO THE CASH FLOW STATEMENT		
14.1 Reconciliation of profit before taxation to cash utilised in operations		
Profit before taxation	999.4	781.3
Adjustment for:		
Income from investments	(1 171.7)	(814.9)
Impairment losses	182.5	33.3
Share of loss/(profit) in associate	2.0	(0.3)
Net finance income	(14.3)	(3.9)
Operating loss before working capital changes	(2.1)	(4.5)
Increase in other receivables	(5.8)	—
Increase in other payables	0.8	1.7
Movement in subsidiary company loans	(292.7)	(114.8)
Cash utilised in operations	(299.8)	(117.6)
14.2 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	157.5	45.7

ANNEXURE A

	Type (see note below)	Country of incor- poration	Issued share capital	Effective percentage holding		Interest of holding company				
				2008	2007	Shares at cost		Indebtedness		
				%	%	2008 Rm	2007 Rm	2008 Rm	2007 Rm	
1. SUBSIDIARIES (CONSOLIDATED)										
Amalgamated Packaging Industries (Pty) Ltd	I	RSA	R0.50	100	100					
Blowmocan Holdings Ltd	I	UK	£1 000	100	100					
Burcap Plastics (Pty) Ltd	O	RSA	R100	100	100					
CarnaudMetalbox Zimbabwe Ltd	O	Zimbabwe	ZWD19 799	100	100					
Cartonagens de Moçambique LDA Consolidated Corrugated	O	Mozambique	MZM20 000 000	55	55			0.3		—
Containers (Pty) Ltd	O	RSA	R600 000	100	100	6.4	6.4	—		—
Crown Cork Co Zimbabwe (1958) (Pvt) Ltd	O	Zimbabwe	ZWD1 421	100	100					
Crown Cork Co (East Africa) Ltd	O	Kenya	KES12 000 000	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	70					
M.Y. Packaging (Healthcare) Limited	O	Ireland	€20 316	100	100					
Imperama NV	O	Netherlands	€793 000	100	100					
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100					
Interpak Books (Pty) Ltd	O	RSA	R1 000	75	75					
Kohler Ltd	I	RSA	R0.01	100	100	11.0	—			
Kohler Packaging Ltd	O	RSA	R3 198 495	100	100	8.0	—	310.5		—
M.Y. Healthcare Darmstadt GmbH	O	Germany	€26 000	100	100					
M.Y. Healthcare France SARL	O	France	€266 786	100	100					
M.Y. Healthcare Italy SRL	O	Italy	€3 000 000	100	100					
M.Y. Healthcare Luxembourg SA	O	Luxembourg	€31 000	100	100					
M.Y. Healthcare SCI	O	France	€7 622	100	100					
M.Y. Healthcare Wolfen GmbH	O	Germany	€25 600	100	100					
Malbak Industrial Holdings Ltd	D	RSA	R1	100	100	28.5	—			
Malbak Ltd	I	RSA	R353 864 160	100	100	1 836.8	1 836.8	—		1.0
Megaplastics Ltd	I	Zimbabwe	ZWD0.002	100	100					
Metal Box (Namibia) (Pty) Ltd	O	Namibia	N\$1	100	100					
Metal Box South Africa Ltd	I	RSA	R68 153 240	100	100					
Nampak Cartons & Healthcare Ltd	O	UK	£142	100	100					
Nampak Cartons BV	O	Netherlands	€22 700	100	100					
Nampak Cartons Europe BV	I	Netherlands	€23 205	100	100					
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90					
Nampak Corrugated PMB (Pty) Ltd	O	RSA	R100	100	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 Ltd	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			14
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100					
Nampak Leasing (Pty) Ltd	F	RSA	R100	100	100					
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100					
Nampak Metal Packaging Ltd	O	RSA	R9 134	100	100					
Nampak Nigeria Cartons Limited	O	Nigeria	NGN14 000 000	100	100					

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2008 %	2007 %	Shares at cost		Indebtedness	
				2008	2007	2008	2007	2008	2007
						Rm	Rm	Rm	Rm
1. SUBSIDIARIES									
(CONSOLIDATED) (continued)									
Nampak Nigeria Plc	O/L	Nigeria	NGN107 044 183	57	57				
Nampak Nigeria Properties Limited	P	Nigeria	NGN14 000 000	100	100				
Nampak Paper Holdings Ltd	I	UK	£26 828 200	100	100				
Nampak Petpak (Namibia) (Pty) Ltd	O	Namibia	N\$100	100	100				
Nampak Plastics Europe Ltd	O	UK	£4 863 028	100	100				
Nampak Polycyclers (Pty) Ltd	O	RSA	R20 000	100	100				
Nampak Polyfoil Zimbabwe (Pvt) Ltd	O	Zimbabwe	ZWD200	—	—				
Nampak Products Ltd	O	RSA	R3 758 641	100	100	93.7	93.7	—	—
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	O	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000 000	100	100				
National Containers (Pty) Ltd	I	RSA	R245 000	100	100	0.1	0.3	—	13.1
Packaging Industries Malawi Ltd	O/L	Malawi	MWK13 450 000	60	60				
Printech BV	O	Netherlands	€18 000	100	100				
Teknol BV	I	Netherlands	£18 151	100	100				
		Netherlands							
Teknol NV	I	Antilles	US\$6 000	100	100				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$600 000	100	100				
Total						3 926.3	3 879.0	310.8	14.1
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	37				

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company				
				2008 %	2007 %	Shares at cost		Indebtedness		
						2008 Rm	2007 Rm	2008 Rm	2007 Rm	
3. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (NOT CONSOLIDATED)										
Carnaud/Metalbox Zimbabwe Ltd	○	Zimbabwe	ZWD19 799 000	100	100					
Crown Cork Co Zimbabwe (1958) (Pvt) Ltd	○	Zimbabwe	ZWD1 421 000	100	100					
Megaplastics Ltd	I	Zimbabwe	ZWD2	100	100					
Hunyani Holdings Ltd	O/L	Zimbabwe	ZWD31 391 103	39	39					
Megapak Zimbabwe (Pty) Ltd	○	Zimbabwe	ZWD20	49	49					
Sun Citrus Packers (Pty) Ltd	○	South Africa	R16 000 000	26	26					

Type

○ – Operating F – Finance I – Investment holding P – Property owning L – Listed

General information in respect of subsidiaries, as required in terms of paragraph 62 of the 4th Schedule of the Companies Act, 1973, 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 2008 is R919.5 million (2007: R1 087.6 million). The aggregate amount of losses attributable to the holding company is R361.1 million (2007: R9.0 million).

INVESTMENTS**ANNEXURE B**

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2008	2007	2008	2007
UNLISTED INVESTMENTS					
Ethiopian Crown Cork & Can Industry	○	5 750	5 750	25	25
Houers Ko-operatief Bpk	○	1 714 901	1 714 901	14.9	14.9
Lesedi Clinic (Soweto) (Pty) Ltd	I	250	250	100	100
New Farmers Development Corporation Ltd	○	150 586	150 586	< 1	< 1
Nampak Polyfoil Zimbabwe (Pvt) Ltd	○	1	1	< 1	< 1

Type

○ – Operating F – Finance

NAMPAK LIMITED

Notice is hereby given that the forty-first annual general meeting of shareholders of Nampak Limited will be held at the Hilton Hotel, 138 Rivonia Road, Sandton, South Africa, on Wednesday 4 February 2009 at 12:00 for the following purposes:

- To receive and consider the annual financial statements of the company and of the group for the year ended 30 September 2008.
- To confirm the appointments of Messrs RC Andersen and PM Madi as non-executive directors of the company.
Please refer to page 189 of the annual report for a biography of each director.
- To confirm the appointment of Mr AB Marshall as an executive director and chief executive officer of the company with effect from 1 March 2009.
Please refer to page 189 of the annual report for a biography of Mr Marshall.
- To elect directors in place of Messrs TN Jacobs and MH Visser who retire by rotation but, being eligible, offer themselves for re-election.
Please refer to page 11 of the annual report for a biography of each director.
- To consider and, if approved, to pass, with or without modification, the following ordinary resolutions, subject to the approval of the JSE Limited ("the JSE"):

Ordinary resolution number 1

"RESOLVED THAT the annual fees payable by the company to the non-executive directors, who are members of the transformation and sustainability committee which was formed during March 2008, be approved with effect from 1 March 2008 as follows:

Chairman – R90 000
Member – R48 000

Ordinary resolution number 2

"RESOLVED THAT the revised annual fees payable by the company to non-executive directors be approved with effect from 1 October 2008 as follows:

Board/committee	Current fee	Proposed fee
Non-executive chairman*	R900 000	R975 000
Non-executive directors**	R120 000	R130 000
Chairman of the audit committee**	R120 000	R130 000
Member of the audit committee**	R60 000	R65 000
Chairman of the remuneration and nominations committee**	R90 000	R98 000
Member of the remuneration and nominations committee**	R48 000	R52 000
Chairman of the transformation and sustainability committee**	R90 000	R98 000
Member of the transformation and sustainability committee**	R48 000	R52 000
Chairman of the risk management committee**	n/a	R98 000
Member of the risk management committee**	n/a	R52 000

Notes

*Fees are paid monthly in arrear.

**Fees are paid quarterly in arrear.

The transformation and sustainability committee, which incorporates the duties of the corporate social investment committee, was established during 2008.

The increase in fees is recommended to retain the appropriate calibre of non-executive director and is in line with market practice.

Ordinary resolution number 3

"RESOLVED THAT the directors of the company be and are hereby authorised, by way of a general authority, to distribute to shareholders of the company any share capital and reserves of the company in terms of section 90 of the Companies Act, No 61 of 1973, as amended, and in terms of the company's articles of association and in terms of the Listing Requirements of the JSE Limited, provided that:

- the distribution is made pro rata to all ordinary shareholders;
- the general authority shall be valid until the next annual general meeting of the company or for 15 months from the passing of this ordinary resolution (whichever period is the shorter); and
- any general distribution of share premium by the company shall not exceed 20% of the company's issued share capital and reserves, excluding minority interests."

It is the board’s intention to utilise the general authority to make payments to ordinary shareholders in the future out of the company’s share capital and reserves should the company’s capital exceed its requirements.

The directors of the company are of the opinion that, were the company to enter into a transaction to distribute share capital and/or reserves totalling 20% of the current issued share capital and reserves of Nampak:

- (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 a period of 12 months after the date of this notice.

Ordinary resolution number 4

“RESOLVED THAT the company hereby specifically approves, in terms of section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue from the ordinary shares already set aside for purposes of The Nampak Limited Performance Share Plan of ordinary shares of 5 (five) cents each in the company to the undermentioned directors as and when shares are settled on them in terms of the rules of The Nampak Limited Performance Share Plan.”

Name of director	Date of award	Number of performance shares awarded
GE Bortolan	10 December 2007	291 540
N Cumming*	10 December 2007	143 983
TN Jacobs	10 December 2007	143 983

*Resigned as a director on 27 March 2008.

Ordinary resolution number 5

“RESOLVED THAT the company hereby specifically approves, in terms of section 222(1)(a) of the Companies Act, 1973, as amended, the allotment and issue from the ordinary shares already set aside for purposes of The Nampak Limited Share Appreciation Plan of ordinary shares of 5 (five) cents each in the company to the undermentioned directors as and when shares are settled on them in terms of the rules of The Nampak Limited Share Appreciation Plan.”

Name of director	Date of award	Number of share appreciation rights awarded
GE Bortolan	10 December 2007	146 955
N Cumming*	10 December 2007	90 722
TN Jacobs	10 December 2007	90 722

*Resigned as a director on 27 March 2008.

- 5. To consider and, if approved, to pass, with or without modification, the following special resolution, subject to the approval of the JSE:

Special resolution number 1

“RESOLVED THAT, subject to compliance with the requirements of the JSE, 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."

The reason for this special resolution 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 this special resolution 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 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 Listing Requirements, prior to the commencement of any purchase of the company's shares on the open market.

VOTING AND PROXIES

On a show of hands every member present in person or represented in terms of section 188 of the Companies Act, 1973, shall have one vote and on a poll every member present in person or by proxy or so represented shall have one vote for every share held by such member.

A member entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a member of the company.

Registered holders of certificated Nampak shares and holders of dematerialised Nampak shares in their own name and who are unable to attend the annual general meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy so as to be received by the share registrar, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 12:00 on Monday 2 February 2009.

Holders of Nampak shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, a Central Securities Depository Participant ("CSDP") or broker to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Nampak shares to be cast at the annual general meeting by that nominee or a proxy or a representative.

In terms of the JSE Listing Requirements for special resolution number 1, the following general information is included in the annual report:

- (i) Directors (page 11)
- (ii) Major shareholders (page 42)
- (iii) There have been no material changes since 21 November 2008
- (iv) Directors' interests in securities (page 95)
- (v) Share capital of the company (pages 136 to 139)
- (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 page 11 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 Listing Requirements.

Curriculum vitae for Messrs RC Andersen, PM Madi and AB Marshall

Roy Andersen (60) CA(SA), CPA(Texas)

Current directorships include non-executive chairman of Murray & Roberts Holdings Limited and Sanlam Limited, as well as independent non-executive director of Virgin Active Group Limited (United Kingdom) and Aspen Pharmacare Holdings Limited. He is also a member of 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. He is also a member of the Board of Governors of the Johannesburg Childrens' Home.

Previous positions as chairman include STANLIB Limited, Guardian National Insurance Company Limited, Charter Life Insurance Company Limited, Liberty Group Properties Limited. Former directorships include Liberty Group Limited, JSE Limited, South African Airways (Pty) Limited, South African Breweries Limited, The Premier Group Limited, Standard Bank Group Limited, The Standard Bank of South Africa Limited and Liberty International plc.

PM Madi (44) 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 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 remuneration committees.

Previously, he held the position of group managing director of the Thebe Risks and Benefits group.

AB Marshall (53) BCom (Marketing) (Hons), MAP (Wits), Diploma in Packaging (UK Institute of Packaging)

Currently, he is an executive director and chief executive officer of Oceana Group Limited where he has held this position for the past 10 years.

By order of the board



NP O'Brien

Company secretary

12 December 2008

Nampak Limited

Nampak Centre
114 Dennis Road
Atholl Gardens
Sandton, 2196
Republic of South Africa

Annual general meeting 4 February 2009

Interim statement and ordinary dividend/cash distribution
announcement for the half-year ending 31 March 2009 May 2009

Group results and ordinary dividend/cash distribution
announcement for the year ending 30 September 2009 November 2009

CASH DISTRIBUTION/DIVIDEND

Ordinary

Final for the year ended 30 September 2008 To be paid on 19 January 2009

Interim for the half-year ending 31 March 2009 To be paid July 2009

Preference

6.5% and 6% cumulative Payable twice per annum during
February and August

NAMPAK LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 1968/008070/06)
 (Share code: NPK ISIN: ZAE000071676)
 ("Nampak" or "the company")



Nampak
 packaging excellence

FORM OF PROXY – 41ST ANNUAL GENERAL MEETING

For use by the registered holders of certificated Nampak shares and the holders of dematerialised Nampak shares in their own name at the annual general meeting of the company to be held at the Hilton Hotel, 138 Rivonia Road, Sandton, South Africa, on Wednesday 4 February 2009 at 12:00 ("the annual general meeting").

Holders of Nampak shares (whether certificated or dematerialised) through a nominee must not complete this form of proxy, but should timeously make the necessary arrangements with that nominee or, if applicable, a Central Securities Depository Participant or broker, to enable them to attend and vote at the annual general meeting or to enable their votes in respect of their Nampak shares to be cast at the annual general meeting by that nominee or a proxy or a representative.

I/We _____

(BLOCK LETTERS PLEASE) _____

of _____

telephone (work) (_____) _____ (home) (_____) _____

being the holder(s) of _____ ordinary shares in the company, hereby appoint (see note 1):

_____ or failing him/her

_____ or failing him/her

the chairman of the annual general meeting, as my/our proxy to vote 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 special and ordinary resolutions to be proposed at the annual general meeting and at each adjournment of the annual general meeting and to vote for or against the special and ordinary resolutions or to abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name/s, in accordance with the following instructions (see note 2):

INSERT AN 'X' OR THE NUMBER OF ORDINARY SHARES HELD IN THE COMPANY (see note 2)

Proposed resolutions	For	Against	Abstain
Confirmation of the appointment of RC Andersen			
Confirmation of the appointment of PM Madi			
Confirmation of the appointment of AB Marshall			
To re-elect TN Jacobs			
To re-elect MH Visser			
To approve annual fees payable to the non-executive directors who are members of the transformation and sustainability committee			
To increase the fees payable to the non-executive directors, including fees payable to committee members			
To grant a general authority to distribute out of share capital and reserves			
To approve the allotment and issue of shares to two executive directors and one retired executive director as and when shares are settled on them in terms of the rules of The Nampak Limited Performance Share Plan			
To approve the allotment and issue of shares to two executive directors and one retired executive director as and when shares are settled on them in terms of the rules of The Nampak Limited Share Appreciation Plan			
Special resolution to authorise the directors of the company to acquire or purchase shares issued by the company on the JSE Limited			

Insert 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 2).

Signed at _____ on _____ 2008/9

Signature _____

Assisted by me (where applicable) _____

Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in place of that member at the annual general meeting.

Please read the notes on the reverse side hereof.

NOTES

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name appears first on the 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.
2. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote fewer than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.
3. Forms of proxy must be lodged with or posted to the company's share registrar, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 12:00 on Monday 2 February 2009.
4. The completion and lodging of this form of proxy will not preclude the member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such member wish to do so.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) 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.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrar of the company.
8. Where there are joint holders of shares in the company, any one of such persons may, alone, sign this form of proxy in respect of such shares as if such person was the sole holder, but if more than one of such joint holders submits a form of proxy, the form of proxy, if accepted by the chairman of the annual general meeting, submitted by the holder whose name appears first in the company's share register will be accepted to the exclusion of any other form of proxy submitted by any other joint holder(s).
9. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

COMPANY SECRETARY

NP 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

