



Nampak
packaging excellence

| nampak limited | **annual report 2010** |

im•pakt

verb | 'im,pakt |

the delivery of more value to your business through
packaging excellence

expansion
delivery
innovation
quality

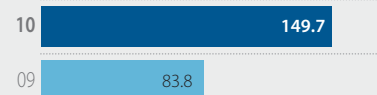
1	Financial highlights
2	Segments at a glance
4	Directorate
6	Group executive committee
10	Chairman's review
12	Chief executive's report
18	Operational review
26	Chief financial officer's review
31	Five-year financial review
34	Shareholders' analysis
38	Sustainability report
66	Corporate governance report
73	Remuneration report
90	Financial statements
192	Notice of annual general meeting
196	Shareholders' diary
197	Form of proxy
ibc	Corporate information

Financial highlights

Headline earnings per share (cents)

+79%

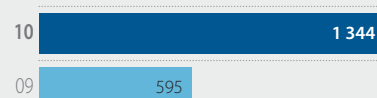
Headline earnings per share increased by 79% to 149.7 cents



Operating profit (Rm)

+126%

Operating profit increased by 126% to R1.3 billion



Dividend per share (cents)

+98%

The dividend per share has been increased by 98% to 83 cents per share



Nampak is Africa's largest packaging manufacturer with operations in Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Nampak's footprint in Africa will be enhanced in 2011 with the opening of our new beverage can factory in Angola.

Nampak is the major supplier of plastic bottles to the dairy industry in the United Kingdom.

Collection and recycling of all types of used packaging is of the utmost importance and is a core strategic activity.

Our world-class research and development facility based in Cape Town provides technical expertise and support to our businesses as well as to our customers.

The corporate office is based in Sandton, South Africa.

Segments at a glance



Metals and glass

Products

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

Operating performance

Rm	2010	2009
Revenue	5 789	5 967
Trading profit	758	726
Trading margin (%)	13.1	12.2



Paper and flexibles

Products

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

Operating performance

Rm	2010	2009
Revenue	7 772	8 502
Trading profit	245	(82)
Trading margin (%)	3.2	(1.0)



Plastics

Products

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

Operating performance

Rm	2010	2009
Revenue	3 410	3 583
Trading profit	253	277
Trading margin (%)	7.4	7.7



Tissue

Products

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

Operating performance

Rm	2010	2009
Revenue	1 575	1 533
Trading profit	184	158
Trading margin (%)	11.7	10.3

Directorate



Independent non-executive directors

1 Tito Mboweni (52)*†

BA (National University of Lesotho); MA (University of East Anglia); Doctor of Economics honoris causa, (University of KwaZulu-Natal, Technikon Witwatersrand and University of Cape Town); Honorary Professor in Economics (Unisa, University of Pretoria, University of Limpopo, University of Stellenbosch); Distinguished Honorary Professor (University of KwaZulu-Natal) and formerly Chancellor of the University of North-West (2002 – 2005)

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

Appointed to the board in June 2010.

2 Roy Andersen (62)*†‡

CA(SA), CPA(Texas)

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

Appointed to the board in 2008.

3 Dr Reuel Khoza (61)

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

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

Appointed to the board in 2005.

4 Phinda Madi (46)∅△

BProc (University of KwaZulu-Natal); EDP (HEC – Paris); EDP (Northwestern – Chicago, USA)

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

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

Appointed to the board in 2008.

5 Disebo Moephuli (46)

BA (Economics); MBA (Financial)

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

Appointed to the board in 2009.

* Member of the remuneration committee.

† Member of the nomination committee.

‡ Member of the audit committee.

∅ Member of the risk management committee.

△ Member of the transformation and sustainability committee.



6 **Nosipho Molope** (46)^{†∅}

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

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

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

Appointed to the board in 2007.

7 **Roy Smither** (65)^{‡∅}

BCom; CA(SA)

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

Appointed to the board in 2006.

8 **Peter Surgey** (56)^{*†△}

BA LLB (UCT)

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

Appointed to the board in 2009.

Executive directors

9 **Andrew Marshall** (55)[∅]

Chief executive officer

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

Andrew was an executive director and chief executive officer of Oceana Group Limited for 10 years before joining Nampak as CEO on 1 March 2009.

Appointed to the board in 2009.

10 **Gareth Griffiths** (57)[∅]

Chief financial officer

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

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

Appointed to the board in 2009.

11 **Fezekile Tshiqi** (56)

Group human resources director

BA PGDHRM (Wits)

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

Appointed to the board in 2009.

Group executive committee

- 1 Andrew Marshall** (55) Chief executive officer
BCom (Hons); MAP (Wits); Diploma in Packaging
(UK Institute of Packaging)

Andrew graduated from the University of Natal, majoring in marketing and financial management. He held various management positions with AECL, Gundle Plastics and Nampak before joining Oceana as chief executive officer in 1999. He returned to Nampak as CEO in March 2009.

- 2 Charles Bromley** (47) Group executive: **Metals & Glass**
BSc Eng (Chem)

Charles qualified as a chemical engineer in 1985 and spent the next 12 years in various senior positions at Afrox. He joined Nampak in 1997 as sales and marketing director of Bevcen. In 2000 he became managing director of Divpac and Foodcan and in 2003 was appointed director Africa responsible for several paper divisions including Nampak Tissue. In 2008 he was appointed group executive responsible for all Nampak's metals and glass businesses.

- 3 Philip de Weerd** (56) Group executive: **Plastics**
BSc Eng; MBA; SEP (Stanford)

Philip joined Metal Box in 1980 and held various technical positions at Vanderbijlpark where he became general manager of the Foodcan operation. In 1990 he was appointed managing director of Foodcan and in 1997 managing director of Cartons & Labels (previously known as Printpak). In 2000 he took responsibility for all the group's rigid plastics businesses outside of Europe.

- 4 Gareth Griffiths** (57) Chief financial officer
BCom (Rhodes); BCompt (Hons) (Unisa); CA(SA)

Gareth qualified as a chartered accountant after serving articles at Peat Marwick Mitchell (now KPMG). He went on to hold senior executive positions in Rennie's and then the Bidvest group. More recently he was the chief financial officer of South African Airways and of the Abu Dhabi Airport Company. He joined Nampak as CFO in September 2009.

- 5 Rob Morris** (48) Group executive: **Paper & Flexibles**
Pr Eng; BSc Eng (Chem); BCom (Hons)

After qualifying with a degree in chemical engineering, Rob joined Unilever in 1986. He held various positions at Unilever in both South Africa and Europe before joining Nampak in 1996 as general manager of the Cartons & Labels (previously known as Printpak) Gauteng operations. In 1999 he was appointed general manager of the Cartons & Labels Cape Region and then in 2000 became managing director of the Cartons & Labels division. In 2003 he was appointed director Africa responsible for several paper divisions and then in 2008 appointed group executive responsible for the Paper and Flexibles operations (excluding Tissue).

- 6 Ephraim Msane** (48) Managing director: **DivFood**
BSc Eng (Chem)

Ephraim graduated from the University of Cape Town in 1985 and joined Unilever's food-related business in January 1986, where he held various positions culminating in his appointment as production manager. He joined Nampak in July 1995 as plant manager in the then Divpac paper products factory in Durban. Since then Ephraim has held a number of senior positions in the group, namely general manager of DivFood Port Elizabeth and Durban as well as managing director of Nampak Glass, Petpak and Megapak. He was appointed managing director of DivFood in April 2008.

- 7 Kennedy Nzimande** (42) Managing director:
Nampak Tissue
BCom; MBA (Nyrenrode)

Kennedy joined Nampak Tissue in 2004 as business transformation director and later business director for the Away-from-Home division. He then worked at African Bank before rejoining Nampak Tissue in his current capacity as managing director for the division. Prior to joining Tissue in 2004, Kennedy worked for Gensec Investment Bank in various capacities including private equity consultant as well as manager responsible for planning and strategy. He has extensive experience in the areas of sales and business development.



- 8 **Neill O'Brien** (56) Company secretary and group legal adviser

BProc

Neill was admitted as an attorney in 1977 and was legal adviser to AECL for nine years prior to joining Nampak in 1996.

- 9 **Tom Reid** (48) Managing director: **Europe**

HND Mech Eng; BCom

Tom joined Nampak directly after completing his bachelor of commerce degree at the University of Natal. From 1990 to 1992 he held marketing-related positions at Bevcan and then became business manager for Bevcap. Between 1994 and 1998 he was general manager of several operations in the Bevcan division. In 1998 he was appointed managing director of Foodcan and in 2000 managing director of Corrugated. From 2003 to 2007 he was managing director of Nampak Plastics Europe and was then appointed managing director of all Nampak's European businesses.

- 10 **Fezekile Tshiqi** (56) Group human resources director

BA PGDHRM (Wits)

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



expansion



ex•pan•sion

noun | ik-span`shen |

a continued focus on our Africa operations positions
us strategically to expand brand opportunities

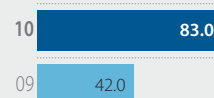




Dividends/cash distribution per share (cents)

83 cents

A final dividend of 83 cents per share was declared, an increase of 98% for the year in review.



The strategy of growing our core operations, reducing exposure to non-performing operations and greater focus on operational matters, reversed the decline in performance experienced in 2008 and 2009.

Tito Mboweni
Chairman

Chairman's review

Business environment

The South African economy recovered from recession in 2009 but consumer spending has thus far remained relatively depressed.

Although interest rates were reduced a number of times, consumers generally remained under pressure with additional disposable income being used to pay down debt rather than being spent on consumable goods.

Packaging volumes in our South African businesses were at a similar level to 2009. There was good demand during the 2010 FIFA World Cup™ for fast-food packaging but this was largely offset by a decline in sales of beverage packaging which were adversely affected by wetter conditions in the summer rainfall region of the country.

The countries in which we operate in the rest of Africa generally experienced satisfactory demand although drought in Kenya reduced the sales of food cans.

Trading conditions in Europe improved but overcapacity continues to have a negative impact on selling prices of certain products.

Strategic focus and group performance

The strategy of growing our core operations, reducing exposure to non-performing operations and greater focus on operational matters, reversed the decline in performance experienced in 2008 and 2009 and resulted in operating profit more than doubling to R1.3 billion whilst headline earnings per share increased by 79% to 149.7 cents from 83.8 cents in 2009.

Capital expenditure and cash management were tightly controlled and debt levels were reduced. All performance ratios and investment returns improved.

Dividend

It is pleasing to report that the dividend for the year has been increased by 98% to 83 cents per share.

Shareholding

In August, Remgro Limited decided to sell its approximately 11% shareholding in Nampak. The book-build exercise was 86% oversubscribed and the final share allocation resulted in a broader base of shareholders in Nampak.

Allan Gray remains the group's largest shareholder with a holding of 26%.

Transformation and sustainability

The group continued to improve its Empowerdex rating during the year and achieved a level 4 contributor status in 2010, a year ahead of target and which was up from level 6 in 2009.

Corporate governance

The company has reviewed the requirements of the King III Code on Corporate Governance and has made good progress with the actions required for compliance. This will be reported on more fully in the next annual report.

A go-ahead has been given to an independent party to conduct an evaluation of the board, its committees and individual directors and will be completed before the end of 2010.

Directorate

Disebo Moephuli was appointed a non-executive director on 23 November 2009 and was appointed to the group risk and sustainability committee on 1 October 2010.

Trevor Evans retired as chairman and as a non-executive director on 31 May 2010 and I thank him for his many years of service on the board.

Thys Visser resigned as a non-executive director on 5 August 2010 following the sale of Remgro's stake in Nampak and I thank him for his contribution.

Appreciation

The executive management under Andrew Marshall's leadership have done an excellent job in turning around the fortunes of the group and I thank them for their hard work. I also thank all employees for embracing the changes that were necessary to place the group on the new strategic path.

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

Prospects

The group has successfully fixed or sold most of its underperforming businesses. The strategy of investing and growing our core profitable businesses will continue and we remain focused on fixing or exiting the remaining underperforming businesses. Capex and working capital will continue to be tightly controlled.

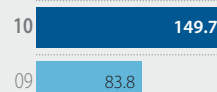
As a result the group will be more focussed and we expect to be able to continue delivering improvement in profitability, trading margins and reduced debt.



Headline earnings per share (cents)

149.7 cents

Headline earnings per share increased by 79% for the year in review



Andrew Marshall
Chief executive officer

Our strategy aims to deliver a better focused group that is more profitable, has improved operating margins and returns on investment, and significantly reduced debt.

Chief executive's report

Performance overview

I'm pleased to report excellent financial results for our 2010 financial year:

- ▶ Operating profit was 126% higher than the previous year
- ▶ Headline earnings per share grew by 79%
- ▶ Earnings per share were up over 300%
- ▶ Dividends per share were increased by 98%
- ▶ Net gearing was reduced to 33% from 52% in September 2009
- ▶ Return on net assets improved from 6% to 15%
- ▶ Capital expenditure was R786 million against depreciation and amortisation of R709 million
- ▶ Working capital reduced by R212 million
- ▶ Cash generated from operations of R2.5 billion
- ▶ Overheads were reduced by 5%

Key drivers of our improved performance have been the sale of a number of loss-making operations, the massive reduction of Corrugated losses, the turnaround of our loss-making Leeds UK cartons business and the growth of a number of our core operations.

Despite difficult economic conditions, excellent results were achieved by Glass, Tissue, Divfood, Flexibles, Europe Plastics, Closures, Megapak and most of our African operations.

Strategy

The comprehensive strategic review of the group completed in March 2009 and dealt with more fully in the 2009 annual report, revealed that the group had consistently underperformed over a 10-year period and had invested substantial amounts in capital expenditure in an unsuccessful attempt to improve the returns of non-performing operations. As a consequence, cash flows were negative and debt levels had risen significantly. Furthermore, operational focus suffered from centralised decision-making and head office costs were excessive.

A new strategy was implemented and the steps taken in 2010 are detailed below:

Grow our core profitable operations

A number of exciting opportunities have been identified in our core operations to grow these businesses. Examples of these are the additional two-ply tissue investment, the glass cullet plant, a second two-piece food can line, the Northern Ireland milk bottle inplant, new aerosol lines, various closure and crate opportunities, long-life milk bottles, new Cuddlers diapers, and patented light-weight bottles.

We have also successfully expanded our operations in Africa with new projects in Angola, Nigeria, Kenya, Malawi, Mozambique and Zimbabwe.

Chief executive's report continued

Fix, sell or close the non-performing operations

During the year we sold or closed:

- ▶ Disaki Cores and Tubes
- ▶ L & CP
- ▶ Redibox
- ▶ Containers business of Tubes and Tubs
- ▶ Interpak Books
- ▶ Carmoc

In addition, the losses at Corrugated of R242 million in 2009 have been reduced to R63 million and the £2.2 million loss at Leeds UK was turned around to a profit of £1.4 million.

A further cautionary announcement was made on 22 November 2010 advising that discussions are at an advanced stage for the sale of the group's Cartons and Healthcare businesses in Europe.

Capital expenditure restricted

Not only has capex been significantly reduced, we have also focused this capex on the core profitable operations.

Our improved profits, ongoing focus on working capital and reduced capex have resulted in reduced debt. Net gearing is now 33%, down from 52% at the start of the year.

Operational focus

A decentralised structure was introduced and is working well.

Reduction in costs, especially at head office

Overall overhead costs were well controlled and were 5% below the previous year.

Strategic summary

Our strategy aims to deliver a better focused group that is more profitable, has improved operating margins and returns on investment, and significantly reduced debt.

Management

The restructured and smaller management team has performed extremely well to deliver excellent results despite challenging economic circumstances.

I would like to thank management and all our staff for their efforts this past year.

Outlook

We have achieved significant successes in fixing or selling the non-performing operations in the group. We now have a number of exciting opportunities in our core operations, with growth in our African businesses looking especially promising.

Our target is to continue delivering improvements in profitability and returns, and I believe we are well placed to do so.





delivery

de•liv•er•y

noun | di'livéré |

by understanding our customers' needs throughout the supply chain we are able to deliver packaging excellence



Operational review

metals and glass

Managing directors

Bevcan
Erik Smuts (40)
 BCom (Hons) Accounting; CA(SA); ACMA (UK); EDP (GIBS)

DivFood
Ephraim Msane (48)
 BSc Eng (Chem)

Nampak Wiegand Glass
Stoney Steenkamp (39)
 Mech Eng; MBA (University of Wales)

Nampak Nigeria Plc
Terry Wilson (43)
 MDP (Henley)

Angola
Tim Leaf-Wright (57)

Kenya and Tanzania
Ian Randall (50)
 MSc

Zimbabwe
John van Gend (44)
 BCom; ACMA

	Revenue		Trading profit*		Trading margin %	
Rm	2010	2009	2010	2009	2010	2009
South Africa	5 263	5 350	743	737	14.1	13.8
Rest of Africa	526	617	15	(11)	2.9	(1.8)
Total	5 789	5 967	758	726	13.1	12.2

*Operating profit before abnormal items.

South Africa

This segment comprises the businesses of Bevcan, DivFood and Nampak Wiegand Glass in which the group holds a 50% share.

Operationally the beverage can factories performed well but sales volumes of **beverage cans** for local consumption were down on 2009 due to lower sales of carbonated soft drink cans. Trading profit was also impacted by the stronger rand which affected the value of exports.

Exports of slimline cans to South America exceeded expectations.

Sales of **fish cans** were slightly down on last year. Reduced exports by customers affected demand for fruit cans whilst sales of vegetable cans were much lower due to reduced consumption. A new two-piece food can line was commissioned during the year and will enhance the offering to customers.

There was generally good demand for paint, polish and aerosol cans.

Stable volumes and improved technologies contributed to a good performance at **Nampak Wiegand Glass**. A new cullet plant



costing some R160 million which was commissioned in March 2010 will enable greater quantities of recycled glass to be used and contribute to an improvement in overall performance.

Rest of Africa

Operations in Kenya, Mozambique, Nigeria, Tanzania, Zambia and Zimbabwe. As from 2011 beverage cans will be produced in Angola.

Construction of the new beverage can factory in **Angola** is complete and following final project approval which was granted on 21 May 2010 the plant and equipment is being installed for commissioning in the first quarter of calendar 2011. Start-up costs of R15 million were incurred during the year.

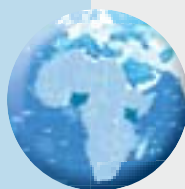
Good performances were achieved by the operations in **Kenya** and **Nigeria** and further investments are being undertaken to expand production in these factories.

Nampak Wiegand Glass

The new R160 million **cullet plant** will enable greater quantities of recycled glass to be used.



Good performances were achieved by the operations in **Kenya** and **Nigeria** and further investments are being undertaken to expand production in these factories.



Operational review continued

paper and flexibles

Corrugated
Christiaan Burmeister (47)
BAcc; BCom (Hons); CA(SA)

Cartons and Labels
Leon Selzer (55)

Flexibles
Robin Moore (51)
BCom

Sacks
Craig Dingley (51)
BSc; HDE

Managing directors

Nigeria Cartons and Labels
Andrew Loggie (47)
BCom

Zambia
Stewart Lamb (54)

L & CP
Rob Francois (49)
BCom

Packaging Industries Malawi
Simon Itaye (52)
BCom, FCCA; MBA

Hunyani Holdings – Zimbabwe
David Bain (52)
BCom, BCompt (Hons), CA(Z)

South Africa

This segment was the focus of significant rationalisation during the year. It now comprises the businesses of Cartons and Labels, Corrugated, Flexibles and Sacks.

During the year the Redibox operations which were the retail outlets of the corrugated business were either sold to their management or closed. Disaki Cores & Tubes was sold to Transpaco Limited effective 1 November 2010. L & CP has been sold subject to Competition Commission approval. Interpak Books has been sold and transfer of control is expected to take place on 1 December 2010.

Demand for **cartons and labels** was weak across all market segments with only the fast-food sector registering any growth assisted by increased demand during the 2010 FIFA World Cup™ tournament. The conversion of detergent cartons to flexible bags also impacted on volumes.

As part of an initiative to improve competitiveness and service the market more cost-effectively, the Pinetown factory will be closed in 2011. The business will continue to operate out of four operations in South Africa.

The **corrugated** business achieved a significantly improved result but was nevertheless still loss-making. Volumes grew by 7% as a result of increased demand from the agricultural sector and the regaining of market share in the commercial sector. Production efficiencies at the Rosslyn paper mill showed steady improvement

Rm	Revenue		Trading profit*		Trading margin %	
	2010	2009	2010	2009	2010	2009
South Africa	4 313	4 399	59	(237)	1.4	(5.4)
Rest of Africa	688	786	68	78	9.9	9.9
Europe	2 771	3 317	118	77	4.3	2.3
Total	7 772	8 502	245	(82)	3.2	(1.0)

*Operating profit before abnormal items.



as the year progressed and continue to improve. The converting operations performed well.

Paper prices have increased substantially and as a result the benefits from the paper mill will be more evident in 2011.

The **flexible packaging** business achieved a much improved performance with both volume growth and higher margins contributing to the better results. Volumes improved across most sectors with stronger demand from key customers and higher sales of detergent bags which have converted from folding cartons.

The **paper sacks** business performed well in spite of depressed demand for cement and milling packaging. Exports to Africa grew year on year.

Rest of Africa

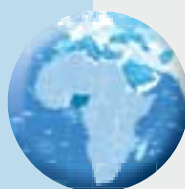
Operations in Kenya, Malawi, Nigeria, Zambia and Zimbabwe.

The cartons operation in **Nigeria** had an excellent year with strong demand for cigarette cartons from BAT as well as good penetration into the general carton market. An additional gravure press that will manufacture beer labels is currently being installed.

Malawi had an improved year with steady growth in demand for tobacco boxes. There was minimal growth in the sales of sorghum beer cartons and paper sacks.

Conditions in **Zimbabwe** improved but consumer spending was constrained by a shortage of US dollar notes. The results for Zimbabwe are not consolidated.

The cartons operation in **Nigeria** had an excellent year with strong demand for cigarette cartons.



Nampak Flexibles

The flexibles business achieved **much improved performance** with both volume growth and higher margins contributing to the better results.



Europe

Weak economic conditions resulted in sales volumes in the **folding cartons** business being similar to last year. Demand for food cartons held up better than the overall market.

The benefits of the rationalisation undertaken at Leeds towards the end of 2009 contributed to the turnaround in profitability. Margins however remained tight in a competitive environment with surplus capacity.

Sales volumes in the healthcare packaging business were higher than last year. Improved margin through cost elimination and the turnaround of two loss-making operations contributed to an increase in trading profitability.

Operational review continued

plastics

Managing directors

Liquid Plastics and Petpak

Willem Pienaar (45)

Dip (Business Administration) (University of Birmingham)

Nampak Plastics Europe

Eric Collins (47)

BSc (Hons); MCIPD

Closures and Tubes and Tubs

Chris Brink (48)

Megapak

Joel Sibanda (39)

BSc Mechanical Engineering (Hons); MAP (Wits Business School)

Elopak and Liquid Paper

Johan de Smidt (45)

MDP/MBA (Open University Business School London)

Rigid Plastics Africa

Derek Perryman (49)

MDP (Rhodes)

South Africa

This segment comprises Liquid Packaging, Petpak, Closures, Megapak and Tubes and Tubs.

There was marginal volume growth in **plastic bottles** for milk and juice. Sales of multi-layer bottles for long-life milk were expanded to a broader range of retailers. Sales of PET bottles for carbonated soft drinks showed negative growth on last year having been affected by an unusually wet summer as well as the loss of business in Bloemfontein to a competitor.

Demand for **sorghum beer cartons** was flat whilst sales volumes of premium **juice and Mageu cartons** saw small growth on last year.

Sales of metal **closures** for food containers were affected by imports and together with depressed consumer demand were at a similar level to last year. There was ongoing good demand for wine screw-cap closures as the substitution by cork closures continued. Plastic closure sales grew with the reintroduction of the aseptic sports closure whilst sales of plastic closures used on carbonated soft drink bottles resumed during the year.

There was good demand from the beverage industry for **plastic crates** whilst demand for **plastic drums** was better than the previous year.

Due to poor profitability and weak prospects the plastic **industrial container** business was sold. The tubs business lost market share and is also being sold. There was reduced demand for **tubes**.

Rm	Revenue		Trading profit*		Trading margin %	
	2010	2009	2010	2009	2010	2009
South Africa	2 142	2 075	152	184	7.1	8.9
Europe	1 268	1 508	101	93	8.0	6.2
Total	3 410	3 583	253	277	7.4	7.7

*Operating profit before abnormal items.



Europe

Sales volumes were lower due to the insolvency of a major customer in 2009 but the profit improvement programme implemented to counter the loss of this business contributed to an improvement in performance.

Effective 1 October 2010 a competitor was acquired which will restore some of the volumes lost last year.

In Northern Ireland an in-plant operation was commissioned at a leading dairy towards the end of the year, being the first such operation in this country.

Nampak Plastics Europe

In Northern Ireland an **in-plant operation** was commissioned at a leading dairy towards the end of the year, being the first such operation in this country.



Construction of the new beverage can factory in **Angola** is complete and equipment is being installed for commissioning in the first quarter of calendar 2011.



Operational review continued

tissue

Managing director
Kennedy Nzimande (42)
 BCom; MBA (Nyrenrode)

Rm	Revenue		Trading profit*		Trading margin %	
	2010	2009	2010	2009	2010	2009
South Africa	1 575	1 533	184	158	11.7	10.3

*Operating profit before abnormal items.

This segment comprises tissue, recycling and Sancella in which the group holds a 50% share.

Twinsaver continues to be the most recognised brand in South Africa within the various tissue paper categories. Increased sales of value added ranges led to an improvement in trading income. An investment was made during the year to increase capacity of these higher-value-added products.

Demand from the retail sector was soft, although there was an improvement in the latter part of the year. Toilet tissue volumes were down.

The diaper market returned to positive growth and Cuddlers showed good performance. Lifestyle continues to be the market leader in female hygiene liners.

other

This segment comprises corporate services, procurement, treasury and property rentals. The trading profit for the year was R103 million compared to R49 million in 2009.



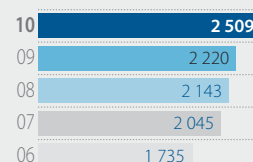




Cash generation (Rm)

R2.5 billion

Cash generated grew to a record R2.5 billion.



Gareth Griffiths
Chief financial officer

Nampak's net debt to equity improved to 33% from 52% a year ago. Net debt stands at R1.7 billion compared to R2.9 billion last year.

Chief financial officer's review

Highlights

Operating profit up 126%

Headline earnings per share up 79%

Free cash flow generated R1 866.1 million

Capital expenditure R785.7 million

Capital expenditure as a percentage of depreciation 111%

Net borrowings R1 741.7 million

Net debt to equity 33%

Group operating performance

	2010 Rm	2009 Rm	Variance %
Revenue	18 545.5	19 585.6	(5.3)
Trading profit	1 543.2	1 127.5	36.9
Operating profit	1 343.7	595.2	125.8
HEPS (cps)	149.7	83.8	78.6

Trading profit improved by 36.9% due to the pleasing turnaround in both the Leeds UK cartons operation and in the corrugated business as well as strong results from the Nigerian metals and cartons businesses. Continued focus on costs also contributed to the improvements in profits. The overall trading margin improved to 8.3%, an increase of 44% year-on-year.

The revenue decline year on year was mainly driven by lower beverage and food can volumes in South Africa. Revenue growth throughout the rest of Africa showed pleasing growth and revenue in Europe grew marginally. However, the strong rand against all currencies has negatively impacted export revenues as well as the conversion of foreign subsidiary profits into rands.

A full analysis of trading performance is included in the CEO's report and in the review of operations on pages 12 to 24.

The group recorded net abnormal losses of R199.5 million (2009: R532.3 million) for the year. The material items are summarised below.

	2010 Rm	2009 Rm
Net impairment losses on property, plant and equipment, investments, goodwill and other intangible assets	108.4	389.8
Retrenchment and restructuring costs	78.8	107.0
Share-based payment expense on BEE transaction	49.0	18.0
Financial instruments fair value loss	12.0	54.1
Net loss/(profit) on disposal of businesses	2.9	(26.7)
Impairment of loans to non-controlling shareholders	1.9	36.9
Net profit on disposal of property	(38.6)	(1.8)
Non-controlling shareholder loan waived	(14.9)	—
Net onerous lease provision reversal	—	(26.1)
Insurance proceeds from Thorpe fire	—	(18.9)
	199.5	532.3

Impairment losses include goodwill impairments of R31.5 million and impairments on disposal groups held for sale of R63.3 million. The goodwill impairments relate mainly to the disposal groups.

Retrenchment and restructuring costs were incurred mainly on the restructuring of the Cartons and Labels business following the decision to close and rationalise the Pinetown operation of R42 million and the restructuring of the Tubes business of R14.3 million.

The share-based payment expense relates to the vesting of the balance of the shares allocated to black managers as part of the Nampak Black Empowerment transaction concluded in 2005.

A profit of R11.8 million was realised during the year on the disposal of the Containers business, offset by a loss on disposal of Cartonagens de Mozambique of R8.9 million.

A profit of R38.6 million was realised on the disposal of surplus properties in the group, most of which were included in assets held for sale in the prior year.

Chief financial officer's review continued

Net financing costs of R202.6 million were 38% lower than the previous year's R327.9 million. This was due to lower net borrowings, as well as the lower interest rates prevailing in the market. The group moved out of expensive commercial paper during the year to take advantage of more favourable short-term rates. The group capitalised interest of R37.0 million (2009: R36.0 million) during the year – predominantly on the investment in the new canning plant in Angola.

The tax charge of R315.8 million includes current tax of R96.5 million, deferred tax of R182.3 million and secondary tax on companies of R33.5 million. This resulted in an effective tax rate of 27.4%.

Earnings and distribution

Headline earnings have increased by 79% to R879.9 million. Headline earnings is arrived at after adjusting for impairment charges and profits (or losses) on the disposal of property, plant and equipment. The weighted average number of shares in issue has increased by 1.9 million shares to 587.8 million.

Headline earnings per share have increased by 79% to 149.7 cents. An interim dividend of 25 cents per share was paid and a final dividend of 58 cents per share has been declared.

The reduction in net borrowings, the strength of the balance sheet and the pleasing results have made it possible to reduce our dividend cover to 1.8 times.

Statement of financial position

Net worth per share increased to 912 cents from 874 cents per share. This was due to the strong results for the year, partially offset by the ever-strengthening rand. The foreign currency translation reserves decreased by R228.1 million for the year as the closing spot rates were significantly lower than the previous year. The group's net asset value increased by R237.6 million to R5 367.1 million.

Non-current assets decreased by R425.5 million to R6 956.8 million. Property, plant and equipment decreased by R193.0 million to R6 199.9 million, mainly attributed to a net foreign exchange translation loss of R181.6 million.

Working capital was well controlled during the year. Investment in inventory and trade receivables declined year on year and better use was made of trade payable funding.

Investment in net operating assets declined year on year. This, together with the improved operating results, lifted our return on net operating assets to 14.6% from 5.5% a year ago.

Nampak's net debt to equity improved to 33% from 52% a year ago. Net debt stands at R1.7 billion compared to R2.9 billion last year.

Cash flow

The group continued to generate strong cash flows. Cash generated from operations amounted to R2 508.9 million, compared to R2 220.0 million last year. Investment in working capital declined year-on-year. The 12 month average net working capital to sales ratio improved from 14.5% to 12.9%.

Dividends/capital distributions paid were lower than the prior year as a consequence of the lower profits in the previous year and increased dividend cover. The interim dividend amounted to 25 cents per share.

Payments to the tax authorities were less than the previous year due to the utilisation of assessed losses in the group as well as lower profits in the previous financial year.

This, together with reduced finance costs, resulted in a cash inflow before financing activities of R1 148.7 million. This cash inflow was utilised to pay down expensive commercial paper.

Capital expenditure and future capital commitments

Capital expenditure for the year amounted to R785.7 million. The group continues to invest in the future growth of the group while at the same time ensuring that the group's resources are optimally utilised. R245.3 million was spent on replacement capex and R529.9 million was spent on expansionary capex, with the balance on intangible assets.

The bulk of the expansionary capex relates to the beverage can line in Angola, R195.2 million, the cullet plant for Nampak Wiegand Glass, the two-ply toilet paper plant expansion for Nampak Tissue and the 2-piece food can line for DivFood.

A summary of the group's capital expenditure budget for 2011 is set out below. This capital expenditure will be funded out of existing cash reserves and cash generated from operations.

	Capital expenditure budget Rm
South Africa	461.1
Rest of Africa	223.2
Europe	195.7
Total	880.0

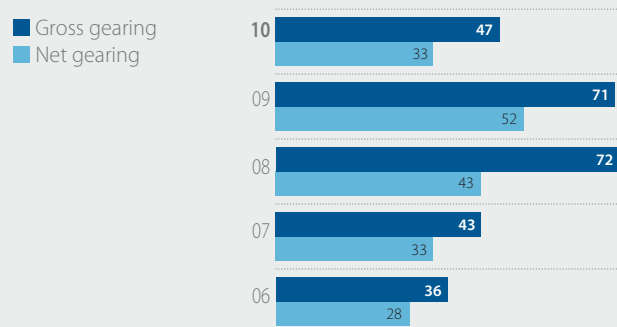
Borrowings and financing

Strict control over working capital and capital expenditure and the pleasing turnaround in operating results enabled the group to reduce borrowings by 40% during the year. Net borrowings declined to R1 741.7 million and the net gearing reduced to 33%.

The group was comfortably within its loan covenants for external debt both in South Africa and the United Kingdom.

The group's gearing position has improved considerably during the year. The table below reflects a reversal of the negative gearing trend for the first time in over five years.

Gearing (%)



The composition of the group's borrowing position is:

	2010 Rm	2009 Rm
South Africa	2 091.9	3 014.2
Borrowings	2 203.7	3 578.9
Cash	(111.8)	(564.7)
Europe and Rest of Africa	(350.2)	(104.5)
Borrowings	256.6	348.0
Cash	(606.8)	(452.5)
Net borrowings	1 741.7	2 909.7
Net foreign denominated borrowings/(cash) analysed:		
UK pounds	(29.8)	(18.7)
Euros	1.4	11.6
Nigerian naira	(203.5)	174.6

A summary of the group's committed bank facilities (including cash) is as follows:

	Facility	Utilised	Available
South Africa	4 625.6	1 628.0	2 997.6
Africa	53.1	18.2	34.9
Europe	451.4	117.8	333.6
Total	5 130.1	1 764.0	3 366.1

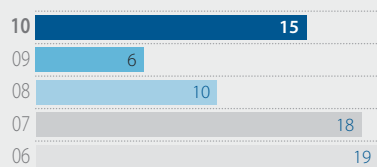
Chief financial officer's review continued

Financial objective

The key financial objective set by the group is Return on Net Assets (RONA). The current year has seen a significant improvement in RONA, following a reduction in capital expenditure, improved cash management and improved trading performance from loss-making operations in the prior year.

The table below sets out the RONA over the last five years:

Return on net assets (%)



Subsequent events

Effective 1 October 2010 the Group purchased the entire shareholding of FourFourTwo Limited and its subsidiaries.

Five-year financial review

Definitions and methodology

Equity

The aggregate of interest attributable to equity holders of Nampak Limited and its non-controlling interest.

Total assets

The net book value of property, plant and equipment (including investment properties), and 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), and 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) and other non-current liabilities.

EBITDA

Earnings before interest, investment income, share of associates' profit/loss, tax, depreciation and amortisation.

Total liabilities

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

Total borrowings

All interest-bearing debt.

Dividend declared per ordinary share

Prior year final dividend plus current year interim 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.

Five-year financial review continued

		2010	2009	2008	2007	2006
Statistics						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	587 782	585 858	585 301	582 505	579 968
Headline earnings per ordinary share	cents	149.7	83.8	177.3	184.6	151.2
– Change over previous year	%	79	(53)	(4)	22	72
– Five-year compound annual growth rate	%	11	(11)	4	5	1
Earnings per ordinary share	cents	140.5	34.9	88.2	181.0	148.6
– Change over previous year	%	303	(60)	(51)	22	46
– Five-year compound annual growth rate	%	7	(25)	(10)	5	4
Dividends/cash distributions declared per ordinary share	cents	83.0	42.0	100.0	115.3	96.1
– Change over previous year	%	98	(58)	(13)	20	15
– Five-year compound annual growth rate	%	—	(13)	4	11	10
Dividend/cash distribution cover	times	1.8	2.0	1.8	1.6	1.6
Financial data						
Return on equity	%	16	4	9	18	15
Return on total assets	%	11	4	7	13	14
Return on net assets	%	15	6	10	18	19
Total asset turn	times	2.0	2.0	1.9	1.8	1.9
Gross gearing	%	47	71	72	43	36
Net gearing	%	33	52	43	33	28
Interest cover	times	7	2	4	9	13
EBITDA interest cover	times	11	6	9	12	19
Effective rate of tax	%	27.4	25.8	29.0	26.8	39.0
Number of ordinary shares in issue net of treasury shares'	'000	588 338	586 773	585 650	583 481	581 235
Net asset value per ordinary share	cents	912	874	1 023	1 037	964
– Change over previous year	%	4	(15)	(1)	8	10
Employee data						
Permanent employees		12 990	13 390	13 549	13 721	14 376
Temporary employees		1 777	1 723	2 194	1 868	1 825
Total employees		14 767	15 113	15 743	15 589	16 201
Employee numbers used for calculations		15 019	15 125	15 791	16 277	16 515
Revenue per employee	R'000	1 235	1 295	1 169	1 045	924
Employment cost per employee	R'000	254	264	231	209	189
Productivity per employee	Index	89	88	90	89	85
Operating results						
	R million					
Revenue		18 545.5	19 585.6	18 457.5	17 014.4	15 261.9
Trading income		1 543.2	1 127.5	1 536.6	1 781.0	1 508.5
Profit attributable to equity holders		825.9	204.8	516.1	1 054.2	861.8
EBITDA		2 052.8	1 406.5	1 700.2	2 322.9	2 196.3
Net impairments		110.3	426.7	601.7	6.7	110.6
EBITDA (adjusted for impairments)		2 163.1	1 833.2	2 301.9	2 329.6	2 306.9

		2010	2009	2008	2007	2006
Statement of financial position						
	R million					
Total shareholders' funds		5 368.3	5 129.5	5 991.9	6 049.5	5 603.9
Retirement benefit obligation		1 404.5	1 246.2	1 129.1	565.1	721.9
Deferred tax and other non-current liabilities		302.7	329.6	567.0	756.4	702.3
Non-current loans and borrowings		1 631.0	2 121.5	1 741.1	526.5	1 021.8
Current liabilities*		4 218.6	5 265.6	6 085.9	5 135.1	4 374.0
Total equity and liabilities		12 925.1	14 092.4	15 515.0	13 032.6	12 423.9
Property, plant and equipment		6 199.9	6 392.9	6 746.6	5 666.9	5 217.9
Intangibles		301.1	389.4	473.1	1 079.3	1 093.3
Other non-current financial assets and deferred tax		455.8	600.0	310.2	296.5	312.1
Current assets*		5 968.3	6 710.1	7 985.1	5 989.9	5 800.6
Total assets		12 925.1	14 092.4	15 515.0	13 032.6	12 423.9
Cash flow						
	R million					
– Cash generated from operations		2 508.9	2 220.0	2 143.3	2 045.3	1 734.9
– Cash retained from operating activities		1 576.9	398.2	232.9	230.9	402.8
– Additions to property, plant, equipment and intangibles		(785.7)	(1 129.3)	(1 576.0)	(1 298.1)	(781.0)
– Net (decrease)/increase in cash and cash equivalents		(92.7)	(766.5)	2 246.9	(505.8)	(799.8)
Share performance						
Market price per share						
– Highest	cents	1 939	1 715	2 263	2 395	1 950
– Lowest	cents	1 501	1 078	1 223	1 800	1 490
– Year-end	cents	1 896	1 700	1 402	2 160	1 820
Number of ordinary shares in issue	'000	660 778	659 264	658 142	655 972	653 726
Market capitalisation**	R million	12 528	11 207	9 227	14 169	11 898
Volume of shares traded	'000	332 098	252 218	285 165	242 698	339 971
Value of shares traded	R million	5 773.6	3 442.1	4 653.8	5 131.9	5 720.2
Volume of shares traded as a percentage of total issued shares	%	50.3	38.3	43.3	37.0	52.0
Earnings yield**	%	7.9	4.9	12.6	8.5	8.3
Cash distribution/dividend yield*	%	4.4	2.5	7.1	5.3	5.3
Price/earnings ratio**	times	12.7	20.3	7.9	11.7	12.0
Economic indicators						
The principal economic indicators applied in the preparation of the group results are shown below.						
Exchange rates						
Rand/UK pound						
– average		11.64	12.24	14.51	14.15	11.85
– closing		10.98	12.03	14.87	13.95	14.55
Rand/Euro						
– average		10.13	10.93	11.58	9.56	8.10
– closing		9.51	10.99	11.69	9.72	9.85
Rand/US dollar						
– average		7.47	7.50	8.07	7.18	6.57
– closing		6.98	7.51	8.28	6.87	7.77

*Includes amounts held for sale

**Based on year-end market price

Shareholders' analysis

at 30 September 2010

In accordance with the JSE Listings Requirements, the following tables detail the spread of the registered shareholders as per the share registers at 30 September 2010.

Ordinary shareholder spread	Number of shareholders	%	Number of shares	%
1 - 1 000 shares	3 938	55.97	1 408 991	0.21
1 001- 10 000 shares	2 116	30.08	7 417 063	1.12
10 001- 100 000 shares	547	7.77	19 395 835	2.94
100 001- 1 000 000 shares	330	4.69	111 903 757	16.94
1 000 001 shares and over	105	1.49	520 652 013	78.79
Total	7 036	100.00	660 777 659	100.00

Distribution of ordinary shareholders	Number of shareholders	%	Number of shares	%
Banks	104	1.48	39 907 382	6.04
Close corporations	50	0.71	317 219	0.05
Empowerment trust	1	0.01	27 369 195	4.14
Endowment funds	44	0.63	3 351 152	0.51
Individuals	5 193	73.80	12 365 957	1.87
Insurance companies	46	0.65	54 074 267	8.18
Investment companies	40	0.57	28 195 071	4.27
Medical aid schemes	25	0.36	2 767 683	0.42
Mutual funds	201	2.86	200 663 183	30.37
Nominees and trusts	811	11.53	9 079 073	1.37
Other corporations	52	0.74	272 739	0.04
Private companies	159	2.26	3 367 395	0.51
Public companies	16	0.23	197 195	0.03
Retirement funds	288	4.09	233 449 835	35.33
Share trusts	5	0.07	329 458	0.05
Treasury shares	1	0.01	45 070 855	6.82
Total	7 036	100.00	660 777 659	100.00

Non-public/Public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	24	0.34	72 830 755	11.02
Directors and associates	17	0.25	79 380	0.01
Nampak Pension Fund	1	0.01	36 500	0.01
Treasury shares	1	0.01	45 070 855	6.82
Empowerment trust	1	0.01	27 369 195	4.14
Share trusts	4	0.06	274 825	0.04
Public shareholders	7 012	99.66	587 946 904	88.98
Total	7 036	100.00	660 777 659	100.00

Beneficial shareholders holding 5% or more	Number of shares	%
Government Employees Pension Fund	113 076 204	17.11
Allan Gray	86 915 267	13.15
Sanlam	66 064 958	10.00
Nampak Products Limited (Treasury shares)	45 070 855	6.82
Investment Solutions	33 478 835	5.07
Total	344 606 119	52.15

Fund managers holding 5% or more value		Number of shares	%
Allan Gray Asset Management		175 829 490	26.61
Sanlam Investment Management		92 135 185	13.94
Public Investment Corporation		77 524 804	11.73
Element Investment Managers		36 448 366	5.52
Total		381 937 845	57.80

	Number of shareholders	%		
Preferred ordinary shareholders				
Non-public /Public shareholders				
Non-public shareholders	1	100.00	31 857 195	100.00
Public shareholders	—	—	—	—
Total	1	100.00	31 857 195	100.00
Beneficial shareholders				
Red Coral Investments 23 (Pty) Limited		100.00	31 857 195	
Red Coral Investments 23 (Pty) Limited is owned as follows:				
Aka Packaging (Pty) Limited			18 020 232	56.57
Unions: CEPWAWU and South African Typographical Union			9 010 116	28.28
Broad-based women's grouping (National African Women's Alliance)			3 217 898	10.10
Nampak black non-executive director			321 790	1.01
Former Nampak black non-executive directors			1 287 159	4.04

6% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	51	100.00	400 000	100.00
Total	51	100.00	400 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			95 849	23.96
Castle, JS			64 989	16.25
Konbel (Pty) Limited			59 725	14.93
Lombard, L			39 800	9.95
Schlimmer, CF			28 800	7.20
Total			289 163	72.29

6.5% cumulative preference shareholders				
Non-public/Public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	23	100.00	100 000	100.00
Total	23	100.00	100 000	100.00
Beneficial shareholders holding 5% or more				
Old Sillery (Pty) Limited			28 700	28.70
Ian Mullne Trust			16 200	16.20
Wright, JEG			15 277	15.28
Castle, JS			10 680	10.68
Glyn, RS			8 765	8.76
Foster, DF			5 991	5.99
Total			85 613	85.61



innovation

in•no•va•tion

noun | ˌɪnə ˈvā sh ən |

our world-class research and development facility
continues to innovate and provide packaging
solutions for the markets we serve



Sustainability report

About this report

This report provides an account of Nampak's economic, social and environmental performance and activities for the period October 2009 to September 2010. 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 economic, social and environmental indicators.

The content contained herein is relevant to all divisions of Nampak. Some information, such as the broad-based black economic empowerment and HIV/AIDS pertains 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 business and the industry;
- ▶ issues identified as important by stakeholders;
- ▶ sustainability issues that may come to represent significant risks, opportunities or have impact on the group; and
- ▶ Nampak's own core competencies and the manner in which they could contribute to sustainable development.

The 2010 sustainability report aims to comply as a Global Reporting Initiative (GRI) level C reporter. A GRI content table is included at the end 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 questions on this report is Lynne Kidd, Group Manager: Compensation, Benefits and Sustainability.

JSE SRI Index

Nampak achieved a best performer rating in the 2009 review.

Sustainability 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, whose responsibilities include 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 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 such index or rating as agreed.
- ▶ Providing guidance on policy frameworks in respect of sustainability issues such as code of ethics, environmental (internal and external), corporate social investment and stakeholder engagement.
- ▶ Monitoring and reporting to the board on the group's progress against its sustainability commitments.
- ▶ Monitoring and reporting to the board on performance against approved B-BBEE charter and providing guidance on ways to improve or enhance performance.
- ▶ Monitoring and reviewing corporate social investments.
- ▶ 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 69 of this report.

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



Nampak has engaged with the Eco-Schools coordinators with a view to introducing the programme, which is designed to encourage curriculum-based action for a healthy environment and to support sustainable development, into its partnered schools.

Nampak's packaging products contribute to the protection and prevention of product deterioration, such as food and beverages, and also enable easier transportation and handling of goods. Packaging helps to 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.

Sustainability report continued

With effect from 1 October 2010, a separate transformation committee was formed with direct responsibility for transformation and corporate social investment. Sustainability matters are now included for consideration in the newly formed risk and sustainability committee.

Mechanisms for employees and shareholders to provide recommendations and direction to the board include regular consultations with employees through formal representative 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.

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 systems, compliance, human resources, environmental and social risks.

With effect from 1 October 2010, the sustainability and risk management committees were combined. Revised terms of reference for the new committees will be finalised during the year taking into account King III requirements.

To discharge its duties effectively, during 2010 the board mandated a risk management committee, whose terms of reference included the following:

- ▶ establishing and maintain a common understanding of the risk environment, including a review of risks facing the group;
- ▶ reviewing and monitoring the effectiveness of risk management measures adopted by the group;
- ▶ reviewing risk identification and measurement methodologies;
- ▶ reviewing the adequacy of the group's insurance cover; and
- ▶ coordinating and overseeing the group's risk management and assurance efforts.

The risk committee reviews the group's risk profile on a regular basis. Risk management is conducted by way of formal risk assessments completed by each division in each jurisdiction and for group functions. A compulsory process of identification and assessment of risks is integrated into the budget and strategic planning processes and takes place annually. Regular reviews and updates are undertaken during the year with risk management forming part of divisional meeting agendas.

The group has adopted the enterprise risk management approach and benchmarks itself against best practices.

Accountability for risk

Risk identification is aligned to the assessment and anticipation of events that could impact on performance in the short to medium term. 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 the group operates, and to ensure that significant risks are identified, assessed, managed and reported.

Structure

A team with appropriate understanding of the framework components, concepts and principles has been established within the group with responsibility for ensuring integration of risk into the business as well as facilitation of the risk management and assurance processes across the group.

In order to provide sufficient and transparent information to the board, divisional directors and group functions are required to comply with risk management policies and procedures including the identification and management of risks at the various operations. The focus is on correctly identifying, updating, assessing, managing, monitoring and reporting material forms of risks across the group.

Risk assessment framework

The enterprise risk management framework defines the company's risk management standards and procedures, which in turn guides 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.

Formal risk assessments are completed annually at each division and group support function using proprietary risk management software and structured methodology which includes identification of inherent risks, a review of the initiatives to reduce the impact of a particular risk and the provision of a residual risk position. Assessment of whether the risk has a likelihood of declining, increasing or remaining stable over the next three to five years is also considered. The identified risks are reviewed at group level through a consolidated risk register. The board's risk management committee has access to the detailed risk register. These residual risk scores guide the level of attention required from the group executive and the risk management committee.

The risk assessment process has determined the estimated impact of the group's top risks worldwide. The group's main residual risks identified through the process as at 30 September 2010, listed alphabetically are:

Key risk	Category of risk and management's response
Competitor activity Certain of the Nampak businesses operate in highly competitive environments.	Market risk Continued strategic review of business potential. Ensure appropriate pricing and cost strategies are implemented.
Customer dependency Certain divisions rely on volume from key customers.	Market risk Continued high quality supply and development of innovative solutions for customers using Nampak's research and development capabilities. Diversify customer base where feasible. Build strong customer relations across the business in a structured way.
Currency volatility Movement of currencies against the rand impacting on translations for financial reporting in rand.	Financial risk Nampak actively manages currency structures through hedging mechanisms where appropriate and seeks to manage borrowings in other jurisdictions to limit exposures wherever possible. Regular evaluation of investments and country-specific risks.
Employment cost increase relative to productivity Inability to achieve appropriate levels of productivity relative to the employment cost.	Employee risk Productivity targets set at operational level. Pro-active time management and reporting to ensure employment costs are understood and managed.
Energy supply and cost increases The potential impact of continued lack of adequate supply of energy to South African operations, customers and suppliers in the medium to long term together with rising costs across the group associated with energy usage.	Operational risk Responsibility and commitment to reducing the levels of consumption of unnecessary energy and over-consumption of energy within all of the businesses within the group. Robust plans in place to address power outages at businesses.

Sustainability report continued

Key risk	Category of risk and management's response
Margin reduction due to inability to recover costs Challenge of recovering material cost increases from suppliers as well as reliance on single suppliers of raw materials could negatively impact on margins. Exposure to increases in employee costs due to union-negotiated settlements that consistently exceed inflation.	Financial risk Contractual negotiation that provides Nampak with the capability to consistently recover costs. Ongoing engagement with customers and suppliers to ensure meeting requirements, quality of supply, and innovative solutions. Ongoing engagement with trade unions to ensure appropriate relationships.
Product substitution Substitution or changes by customers in packaging product could negatively impact key businesses within Nampak.	Market risk Continued review of the competitive pricing of products. Ongoing engagement of customers to ensure understanding of potential changes to requirements. Channel investments in support of future requirements.
Raw material supplier dependence Some businesses are exposed to single suppliers of raw materials with the consequent exposure to poor quality of raw material and continued excessive increase in cost of raw materials.	Operational risk Supply agreements with major raw material suppliers in place. Alternative supply strategies have been developed. Ongoing engagement at all levels in the group to ensure cooperation and appropriate relationships.
Legislation and compliance Potential impact of legislative changes such as waste management, air quality, consumer protection, deregulation of the tissue industry and potential healthcare reforms.	Regulatory risk Monitoring and recognising the impact of risks as a result of changes in legislation rest with Nampak's management in each jurisdiction. Senior executives participate in appropriate forums which provide the mandates for engagement with government on new legislation.
Underperforming divisions Investment in businesses which have not generated the expected level of return.	Strategic risk Direct attention and detailed understanding on the performance of all businesses is integrated into the executive management of the group. The chief executive officer and chief financial officer attend divisional board meetings at least quarterly.

Risk management audits

The internal audit function is responsible for auditing risks that are identified through the risk management process. These form part of the internal audit scope of review for the following year. The external audit company may consult with the risk management committee with a view to understanding the group's risk management activities.

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 below:

Stakeholder group	Method of engagement
Shareholders	One-on-one meetings, presentations, site visits, and Nampak's annual general meeting. During this year, an investor day was introduced after a full review of shareholder communication requirements.
Customers	Ongoing interaction through R & D department where technical managers provide liaison for customer operational support. Customer champions are focused on anticipating customers' strategic needs for advanced, cost-effective and internationally competitive packaging. Ongoing interaction by all levels of management and the sales force.
Consumers	Market research and focus groups to monitor customer attitude and demand, as well as focussed 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.
Communities and civil society	Through raising awareness of the need for recycling, as well as branded campaigns such as Collect-a-Can, Nampak engages with its neighbouring communities and civil society. Nampak also engages with society through other industry bodies set out in the next section. In addition, Nampak engages with the partnered schools' governing bodies and communities in which they reside.
Government authorities and industry bodies	The group engages with government authorities and industry bodies on an ongoing, basis on various issues from regulation to competition. Nampak meets with the Department of Environmental Affairs, 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 (PAMSA), and the Printing Industries Federation of South Africa (PIFSA), regarding issues that affect its business. Nampak Plastics Europe has had extensive engagement with the Department for Environment, Food and Rural Affairs and the milk industry which has resulted in the implementation of plans to increase recycling of plastic milk bottles (refer to page 48 for details). Where necessary, government education departments are engaged on matters affecting the Nampak-partnered schools.

Sustainability report continued

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 Conduct and Business Ethics which is approved by the board of directors.

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

Nampak supports the protection and furtherance of human rights and has policies and procedures in support thereof. There were no notifications of human rights abuses received during the year.

There have been no incidents of child labour or forced labour and these practices are prohibited in the group's policies.

Nampak's policy on competition legislation provides for compliance with all laws and does not allow any illegal or unethical practices in this regard. All managers are required to familiarise themselves with the Nampak Competition Policy which is regularly updated and distributed. There have been no legal actions in respect of anti-competitive behaviour, anti-trust, and monopoly practices.

There were no incidents of corruption reported during the year.

The Code of Conduct and Business Ethics policy is available on the Nampak Limited website at www.nampak.com

Compliance

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

Economic impact

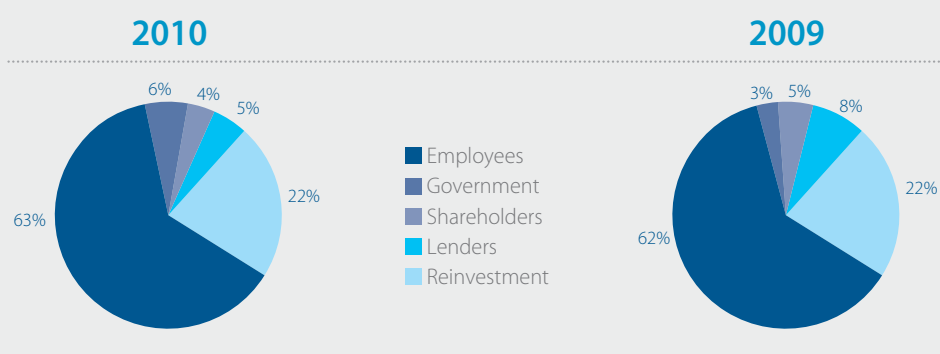
The group has 60 operations throughout South Africa and operations in a further 11 countries on the African continent. It also has 26 operations in six countries in Europe. The group employs 10 100 employees in these operations worldwide.

The group met its objective of consistent creation of economic value during 2010.

Group value added statement

for the year ended 30 September 2010

	2010 R million	2009 R million
Revenue	18 546	19 586
Cost of raw materials, goods and services	12 487	13 111
Value added	6 059	6 475
Income from investments	6	6
Wealth created	6 065	6 481
DISTRIBUTION OF WEALTH		
Employees (salaries, wages and other benefits)	3 814	3 994
Government (income tax)	356	177
Providers of capital (interest)	240	364
Shareholders (dividends)	289	527
Reinvestment	1 366	1 420
Wealth distributed	6 065	6 481
DEALINGS WITH GOVERNMENT		
Gross contributions to government		
Company taxes	134	375
Rates and taxes	34	44
Customs and excise duties	7	41
	175	460
Less: Cash grants and subsidies	—	—
Other government grants	1	2
Charged against group income	174	458
Collected on behalf of government	1 366	1 433



Sustainability report continued

Sustainable development strategy

Nampak's packaging products contribute to the protection and prevention of product deterioration, such as food and beverages, and also enable easier transportation and handling of goods. Packaging helps give identity to products, promotes product brands and provides key product and safety information. 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. It progresses 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;
- ▶ optimises 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/>.

Nampak recognises the role it has to play in providing 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 continue on refining the group's approach to sustainable development, to setting objectives and targets, and implementing systems for managing and measuring progress.

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 potential 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;
- ▶ complying with the requirements of ISO 14001: 2004;
- ▶ setting internal controls which recognise legislated standards and practices as minimum requirements; and
- ▶ providing the necessary financial and human resources to give effect to its environmental policy.

Nampak is committed to complying with the law in all of its operations and beyond to minimise its risks and impacts by developing robust and documented systems to measure, monitor and communicate its environmental performance both within its operations and to the broader community. Consequently, an environmental management system based on the ISO 14001 standard has been adopted within the group. Internal environmental assessments conducted during 2010 have not identified any significant environmental impacts that required special attention.

ISO 14001 certification is currently held by DivFood Mobeni and Interpak Books in South Africa, as well as the seven Plastics plants in Europe. Flexibles Pinetown achieved ISO 14001 certification during the year, with Glass on target to achieve by the end of 2010.

Climate change

Climate change represents both risks and opportunities for Nampak. For a holding company as diverse as Nampak, with interests in paper, glass, metals and plastics, and with 110 manufacturing sites, Nampak facilities are susceptible to risks ranging from shortages of resources, severe weather events to logistics interruptions.

As a packaging supplier, Nampak is indirectly exposed to the same risks and opportunities as its customers. These are assessed and deliberated with customers at divisional level as the risks and opportunities could be different across the packaging material types. Such opportunities or risks could include shifts in agriculture which could lead to changes in crop yields as well as ocean currents which could change fish supplies and the associated packaging demands. Higher temperatures could result in increased quality control requirements on products to prevent spoiling, which may at the same time present an opportunity for Nampak as customers may require different packaging. Higher ambient temperatures could also lead to increased demand for beverages. Nampak's beverage canning, polyethylene terephthalate ("PET") and glass bottling, closure and labels divisions would benefit from any increasing demand.

Nampak's research and development department consistently works on lightweighting, recycling and other opportunities to reduce resource usage and to increase recyclable content and/or recyclability of its products to address the resource shortage risk. The current projects are set out in more detail in the product innovation section on page 51 of this report.

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

Nampak has adopted a dual approach to climate change.

The first approach is to establish a Nampak-specific carbon footprint using the Greenhouse Gas Emission protocol and to set appropriate targets for reductions. As more than 80% of Nampak's greenhouse gas emissions come from power consumption, the primary focus has been on obtaining specific improved efficiencies and reductions with projects already under way. The safety, health and environmental management committee reviews new opportunities for reductions as a standard meeting agenda item.

Energy-efficiency initiatives that have been introduced and concluded within the group include:

- ▶ inspecting, repairing and upgrading the power factor correction equipment in each operation;
- ▶ replacing lighting with more efficient types of lamps and fittings in each operation;
- ▶ efficient operating of boilers;
- ▶ surveys on steam reticulation and steam losses;
- ▶ returning condensate to boiler hot-wells where such installations did not exist;
- ▶ monitoring compressors and their loading;
- ▶ eliminating leaks where they occur;

Sustainability report continued

- ▶ 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.

Provisional calculations of the Nampak carbon footprint using the Greenhouse Gas Protocol for its South Africa operations have been concluded and are set out in the table below:

Carbon footprint category	2009 CO ₂ emissions (metric tons)
Scope 1 direct emissions	
Equipment owned and controlled by Nampak	72 373
Air conditioning and refrigeration gas refills	37
Vehicle fleet	28 388
Scope 2 indirect emissions	611 406
Purchased electricity	
Scope 3 indirect emissions	
Business travel in rental cars	268
Business travel in commercial airlines	3 503
Total scope 1, 2 & 3 emissions	715 975
Non-Kyoto protocol GHG emissions	498
Total estimated emissions CO ₂ e (metric tonnes)	716 473

Baseline calculations for the Rest of Africa and Europe commenced on 1 October 2010. In addition, scope 3 indirect emission calculations are being phased into the overall calculations.

The second approach is a lifecycle assessment process which establishes the carbon emissions of packaging products from resource usage (cradle) to the customers' premises (gate) and can be further extended in conjunction with customers to include the filled product to the end of its lifecycle.

Two projects which continue to increase recycled content in products and reduce emissions are set out below:

Nampak Plastics Europe HDPE milk bottle

In 2010 Nampak Plastics Europe maintained its commitment to developing milk packaging that is both environmentally friendly and sustainable and focused on reducing the company's own environmental footprint.

This focus builds on the breakthrough made when Nampak worked with its partners to produce the world's first post-consumer recycled milk bottle. It is also linked to the company's input into the UK dairy industry initiative known as the Milk Roadmap on which Nampak worked as a founding member in partnership with the UK Government's Department for the Environment, Food and Rural Affairs (Defra).

The Milk Roadmap was published in 2008 and sets targets to reduce the environmental impacts of producing and consuming liquid milk – one of which is the inclusion of 10% recycled content in plastic milk bottles by 2010. This milestone was reached by Nampak Plastics Europe in February 2010. In its continuing drive to further increase the levels of recycled material, Nampak now exceeds the Milk Roadmap's target and currently plans to include 15% recycled High Density Polyethylene (rHDPE) in every milk bottle it makes by the end of November 2010.

In line with the Milk Roadmap, Nampak has set a target of reaching 50% recycled content by 2020 and in order to assess if this target is achievable, this year commissioned a study by the University of Bradford to investigate the effects of adding increasing levels of rHDPE to virgin material. The research confirms that the addition of 50% recycled content is feasible and Nampak is now planning its own blowmoulding processing trials using 30% and 50% rHDPE under manufacturing conditions.

Increasing the level of rHDPE content has a significant environmental impact – for every tonne of HDPE milk bottles recycled and used within the manufacture of new milk bottles:

- ▶ a tonne of virgin material is saved;
- ▶ a tonne of landfill (and its associated costs/taxes) is avoided;
- ▶ a tonne of CO₂ is saved by the material not going to landfill or incineration.

In excess of £1.5 million has been invested by Nampak across its eight sites in the UK in order to reach these targets. As well as the overall development of the project, this investment has included modifications to the blowmoulding equipment including the installation of new blending machines, material pipework and new silos to enable the use of rHDPE.

In a further demonstration of its commitment to reducing carbon impacts Nampak has invested a further £3 million in a new in-plant at Dale Farm in Ballymena, Northern Ireland, which became fully operational in August 2010. The in-plant – where bottles are taken straight 'through the wall' from the bottle manufacturing process to the filling line – significantly cuts down on transportation, overall vehicle movements and reduces carbon emissions.

Nampak Plastics Europe has also launched an internal energy reduction initiative together with a lightweight bottle design programme both of which should deliver further carbon reductions over the next 12 months and beyond.

The company's leadership role in the introduction of bottle-to-bottle recycling has been recognised with the endorsement of a 'high recommendation' in the Business Commitment to the Environment (BCE) Environmental Leadership Awards 2010. The awards are given to businesses that can demonstrate they are making a real difference to their impact on the environment without affecting their ability to make a profit and develop the business for the future.

Nampak also recognises it is of fundamental importance that consumers remain committed to the principles of recycling and is playing its part in increasing the public's understanding through its educational based website www.bottle2bottle.com. The site incorporates facts and figures about HDPE and recycling, as well as a video based recycling loop diagram.



Nampak Wiegand Glass energy and emission reductions

The installation of a cullet sorting plant at Nampak Wiegand Glass has been completed. Cullet is recycled container glass from bottles, jars and other similar glass vessels and forms a raw material in the glass manufacturing process. Cullet needs to be sorted by colour, magnetic waste needs to be removed as well as any other plastics and paper before it can be used as a raw material. The plant has been operational since April 2010. The use of glass cullet allows a reduction of virgin raw materials and reduces the amount of energy required to produce glass as it is processed at a lower temperature. A 10% increase in cullet is estimated to reduce melting energy requirements by 1.5%. It also results in reduced carbon emissions in the region of 8% for CO₂, 4% for NO_x and 10% for SO_x.

In addition, the cullet sorting plant results in cleaner cullet which reduces furnace maintenance requirements and extends the life of a furnace.

Carbon Disclosure Project

Nampak participated in the CDP during the year under review.

The carbon disclosure project provides a coordinating secretariat for institutional investors with a combined US\$64 trillion of assets under management. It seeks information on their behalf on the business risks and opportunities presented by climate change and green house gas emissions' data from the world's largest companies.

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

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

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

Nampak participated on a disclosed basis.

*There were 74 respondents.

Spills

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

Biodiversity

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

Recycling

Packaging is a vital component of modern living, providing protection, portability, preservation and convenience, as well as attracting customers to customers' products. The group is acutely aware of the impact that packaging products can have on the environment. It has participated in providing a mandate to the Packaging Council of South Africa with a view to engaging government on aspects of the waste management act and packaging recycling targets going forward. Until there is final clarity on these targets for the various packaging products,

Sustainability report continued

current recycling initiatives will proceed to improve recycling rates each year against the internally set targets.

The group is directly involved in many recycling initiatives, including the following:

Metals

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

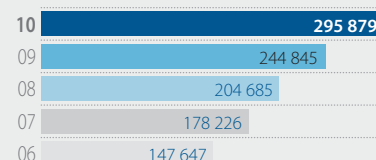
A study performed by AC Nielsen in 2004 verified that the number of people earning or supplementing their income from collecting cans ranged from 110 000 to 160 000 at any one point in time. AC Nielsen is presently undertaking a review with results anticipated by the end of the year.

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

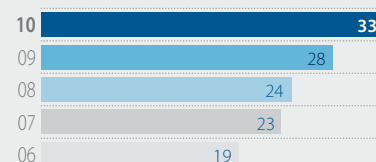
Glass

Roughly 33% (up from 26% in 2009) of glass produced in South Africa is currently recycled. Nampak, together with other industry players and government, participated in the restructuring of the South African glass recycling supply chain, and was also a founding sponsor of The Glass Recycling Company, which aims to promote and increase the recovery rate of glass by creating awareness about the importance of protecting the environment. The Glass Recycling Company is working with the Department of Environmental Affairs on future targets. The history of tonnage recycled and percentage of materials recycled for the past five years to June 2010 are set out in the charts below:

Tonnes recycled



Percentage recycled



Nampak Wiegand Glass uses 30% to 45% of cullet, which is recycled waste glass, in the manufacturing process, thus reducing energy consumption and greenhouse gas emissions.

Paper

The recycling rate for the recovery of paper as a percentage of recoverable paper in South Africa remains steady at 57.6% during 2009 (58.6% in 2008), as reported by the Paper Recycling Association of South Africa for 2009.

Nampak collected and recycled some 220 000 tons of waste paper and board in 2010 in line with 2009. It is anticipated that recycling will increase.

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

Plastics

The 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 plastics education for the public, especially the youth, as well as national clean-up campaigns. Nampak's executives are active at both the Plastics Convertors Association and the Plastics Federal Council in assisting with various Enviromark initiatives.

Significant progress has been made on the recycling of plastic milk bottles in the United Kingdom and details of this initiative and targets can be found on page 48 of this report.

Nampak Polycyclers converts some 3 100 tonnes per annum of recycled polyethylene into crates, refuse bins and buckets. This is down from 5 100 tonnes in the previous year due to quiet market conditions.

In terms of PET products, the focus is on source reduction and reuseability. The weight of the PET two litre bottle has reduced from 68g in 1979 to 54g today. Nampak Closures has introduced the "Super Shorty" closure for carbonated soft drink PET bottles. This closure weighs 2.4g versus 3.2g for the existing closure. As a result of the introduction of the closure, one customer has already reduced the weight of their 500ml bottles.

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

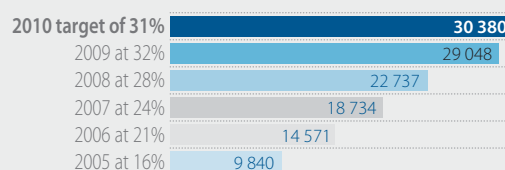
Bottle size	Current weight (grams)	Target weight (grams)
2 litre	54	45.75
1 litre	38	33.75
500 ml	28	21.15

Plans are in place with Nampak's major carbonated soft drink customers to introduce the lower weight bottle by September 2011.

Petco is an industry-driven and financed environmental solution for PET packaging. Nampak was one of the founding members and remains active with two representatives on the current Petco (Pty) Limited board. Petco was registered in December 2004. The main objective is ongoing consumer and public awareness of recycling initiatives. Petco fulfils the industry role of extended producer responsibility.

The growth of PET recycling rates in South Africa is illustrated in the chart below:

Tonnes



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

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

Megapak division has joined a working group which is engaging with the South African Bureau of Standards to consider the SANS 10406 standard to which re-conditioners of plastic containers have to comply. Once these discussions are finalised, a new industry recycling body will be formed.

Product and service innovation

Nampak's research and development department (R & D) has an impressive 64-year track record, and is at the forefront of its field, standing amongst the global leaders in packaging science and technology. It provides the group's customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles.

The skills set comprises a highly trained team of 28 scientists and 14 technicians utilising the latest, state-of-the-art analytical and design tools. These experts have a formidable knowledge of material science, chemical analysis, food science and microbiology. They are backed by an extensive database compiled from decades of experience and case studies. This provides Nampak and its customers with the expertise to package their products in a way that enables them to gain a significant value-added advantage over the competitors.

Sustainability report continued

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

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

Metals

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

Paper

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

Nampak Corrugated division has increased the portion of recycled paper in its board and has used all the board produced by the brown paper mill at Rosslyn in its products. Research continues to be conducted on strength tests between recycled and virgin material to determine an optimal level of recycled content.

R & D works closely with the paper divisions to identify suitable international pulp and paper board suppliers for its diversified paper product range.

The cartons plants have aligned their purchasing strategies so that they are able to participate in the Forestry Stewardship Council Chain of Custody certification, which

tracks certified material through all successive stages of manufacturing and distribution, from the forest to the consumer. This enables Nampak to meet customer requirements and to provide end-users of products with assurance that they are environmentally friendly.

Plastic

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

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

Compliance of packaging-chemical migration

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

Product stewardship

Hazard Analysis Critical Control Point ("HACCP") is an internationally recognised systematic and scientific approach to the identification and control of hazards in food preparation, processing, manufacturing and use, to ensure that the food is safe to consume. Altogether 23 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 (American Institute of Bakers) AIB programme, which incorporates the HACCP programme.

The plastics and cartons operations situated in the United Kingdom and the Netherlands that produce packaging for

foodstuffs conform to the British Retail Consortium Institute of Packaging standards, which is held and required by all the major retailers and brand owners.

Nampak Wiegand Glass and the three Cartons and Labels sites are ISO 22000 accredited. The Sacks division achieved accreditation during of 2010. In addition, in the rest of Africa, Nampak Kenya has been accredited. ISO 22000 is the standard for food safety management and ensures integrity of the food supply chain.

All the healthcare sites in the United Kingdom and Ireland that produce packaging for the pharmaceutical industry are PS 9000 accredited. Whilst Italy and Northern Europe work to this standard, they have not been formally accredited.

Quality and risk control

Altogether 74 Nampak operations are ISO 9001:2001 Quality Management System certified. Fulfilment of this international standard effectively provides assurance about the quality, safety and reliability of Nampak's products.

The Nampak Group Risk Control Standards cover facilities in South Africa, the United Kingdom and Europe 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 are then subject to a peer audit by Nampak's risk control practitioners and a selective (one per division) verification audit by Willis before providing the assurance. The United Kingdom facilities have implemented a tailored health and safety audit system to comply with their insurance requirements. Bevcn and Cartons and Labels divisions are NOSA certified.

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

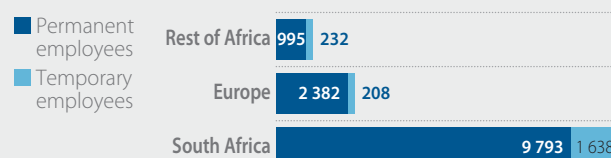
The Glass division is on target to achieve OHSAS 18001 certification by the end of 2010.

Our people

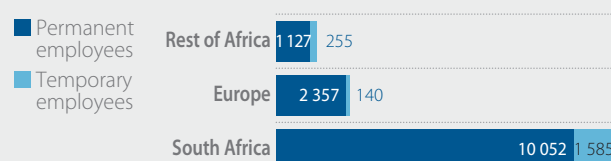
Staff complement

Nampak employs over 13 100 employees worldwide with the majority being based in South Africa where the headquarters and the majority of the operations are based.

Employee numbers by region in 2010



Employee numbers by region in 2009



Within the total number of employees in South Africa:

- ▶ 19.7% are female;
- ▶ 338 females hold managerial positions; and
- ▶ 90 employees are disabled, eight of whom occupy managerial positions.

Employee assistance programmes ("EAP")

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

HIV/AIDS

During the year, the South African operations decided to implement SANS 16001 (HIV Management system) with a view

Sustainability report continued

to achieving certification towards the end of 2014. The first stage involved training the occupational health nurses and divisional human resource representatives on how the system should be implemented. 20% of South African employees participated in a confidential health risk survey as stage two of the process. The results of the survey will be available at the beginning of 2011 and will provide a foundation for the next four stages which include training of management, selection of wellness committees, training of wellness committee and selection and training of peer educators.

The implementation of SANS 16001 will run parallel with existing initiatives that provide voluntary counselling and testing at the divisions. The aim is to achieve an HIV counselling and testing rate of 90% of all South African employees by the end of 2011.

Occupational health and safety

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

	Target 2011	Actual position 2010	Target 2010	Actual 2009
Work-related fatalities	zero	1 contractor	zero	zero
Number of reportable injuries	Average of 20 per month	Average of 22 per month	Average of 20 per month	Average of 21 per month
Disabling injury frequency rate ¹	1.50%	1.65%	1.50%	1.56%

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

The group expresses its condolences to the family of the contractor killed in the work-related accident.

During 2009, all 38 South African occupational health practitioners attended two-day workshops where they were trained on the standard operating procedures to be used at Nampak clinics. Issues include: processing injury-on-duty claims in accordance with the Compensation of Occupational Injuries and Diseases Act, fitness for working, the process for thorough hazard identification and risk assessment, and the associated medicals were covered. This was followed-up during 2010 with training which focused on occupational legal compliance. Some of the occupational health nurses will upgrade their qualifications from a certificate to a diploma through 2011 to meet the requirements of the South African Nursing Council Circular 01/2010.

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 and the details of the current programmes are included on pages 57 and 58 of this report.

Investment in training and development by region:

	2010 R million	2009 R million
South Africa	59.5	58.5
Rest of Africa	2.0	1.4
Europe	4.6	7.3

Staff spent an average of five days or 40 hours per annum in training. Around 93% of management, team leaders and supervisory employees are currently subject to annual performance reviews using a standard performance management system that was relaunched last year.

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 Chemical Energy Paper Printing Wood Allied Workers Union (2 298 members), the National Union of Mineworkers of South Africa (1 961 members) and South African Typographical Union (992 members), as well as plant-based agreements with Solidarity (393 members), the General Industries Workers Union of South Africa (159 members). Collective bargaining mechanisms, safety committees, employment equity and skills development committees, and other participative forums are operational within the South African divisions.

Collective labour and voluntary recognition agreements exist within the 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.

All wage settlements in the group were achieved without industrial action of any kind in 2010.

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

Nampak's intranet site provides employees with pertinent information about the group on a daily basis as well as access to written policies and procedures. An interactive in-house magazine, the *Nampak News*, is also distributed three times per annum and deals with company issues and news about company performance, technological innovations, customer partnerships and other items of interest in more depth.

Nampak's commitment to encouraging its workforce to be involved in all aspects of its business was recognised this month when it received the accolade of overall winner in the Chartered Institute of Personnel Development (CIPD) 2010 awards as well as scooping the Employment Engagement Category.

The judges were impressed by the company's 'Participate Programme' which Nampak launched in autumn 2009. The initiative is designed to

develop a new approach to leadership and management and encourages the entire company to participate in contributing ideas for ways to improve both the employee and customer experience. The programme also looks at recommendations for improving the company's waste management procedures.

Benefits

Full-time employees have access to a range of benefits including medical insurance, retirement funding, employee assistance programmes, educational assistance and awards for long service.

Retirement briefings

Written communication is regularly sent to all members of pension funds. Regular feedback sessions on the performance of the retirement funds, together with any changes to rules or legislation are held with employees. Retirement counselling sessions are provided to fund members who are within five years of retirement as and when required.

Educational assistance

Employees in South Africa may apply for educational assistance for their children's primary and secondary school education where they are burdened with financial hardship and are unable to pay school fees at commencement of the school year. Management considers assistance towards 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.

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 and improved targets. The charter was last updated in 2008.

The South African operations exceeded its B-BBEE recognition target during 2009 as it moved from a level 6 contributor to a level 4 contributor. The target is to maintain this recognition level for 2011. This recognition level provides for 100% of suppliers spend to be regarded as B-BBEE spend.

Sustainability report continued

Ownership

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

- ▶ AKA Capital, which is chaired by Reuel Khoza, a leading businessman and one of the group's non-executive directors;
- ▶ the National African Women's Alliance, which is a grouping of African women with grassroots representation in all nine provinces in South Africa;
- ▶ the Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU) which organises the majority of unionised workers in Nampak; and
- ▶ the South African Typographical Union (SATU) which is also active in Nampak.

Nampak's current total black shareholding is 17.93% based on code 100 of the ATI scorecard as certified by the independent ratings agency Empowerdex.

Procurement

Nampak continues to implement a targeted procurement strategy to increase its procurement from companies that have made significant progress in the area of B-BBEE and are rated level 4 or above contributors.

Nampak exceeded its target score in the preferential procurement category of the DTI's scorecard when it achieved 17.93 out of a possible 20 points. Out of the total spend for the year under review, Nampak spent 62.94% B-BBEE recognition in value, 9.82% 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 6.69% was with black-owned suppliers and 2.34% with black women-owned suppliers.

The South African operations aim to maintain their current status with incremental improvements each year where possible.

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.

Some examples of successful enterprise development initiatives include:

- ▶ Mthembu Tissue, which supplies tissue to Nampak Tissue.
- ▶ Naledi Recycling, Unicorn Recyclers, Khoma-Khoma Waste, Inhloso Contract, Proven Again Trading & Projects and Ikageng Paper Collection who all supply waste paper to Nampak Tissue.
- ▶ Serious Marketing, who sell and distribute various Nampak products to small – medium entrepreneurs, including some Nampak divisions.
- ▶ Zama Zama Holdings, who collect cullet for the Glass division.

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

Nampak achieved 8.35 points out of a possible 15 points for enterprise development.

Nampak will focus on introducing further enterprise development initiative during 2011.

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 Human Resources Director, are responsible for 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.

Nampak achieved 4.86 points out of a possible 15 points for employment equity.

The status of employment equity amongst the group's management against the 2013 target is shown in the table on page 57. Most divisions achieved their 2010 targets.

Black/white employees in South Africa

	2013 target % black	2010			2009		
		% black	Black	White	% black	% black	White
Non-executive directors	67	62.5	5	3	40.0	4	6
Executive directors	50	33.3	1	2	—	0	2
Group executive	50	33.3	3	6	20.0	2	8
Divisional managing directors	50	11.8	2	15	18.8	3	13
Senior management	43	24.5	52	160	23.7	52	167
Middle management	53	48.2	306	329	44.9	272	334
Entry level management	53	60.0	247	165	57.3	223	166
Supervisors	75	76.0	2 817	897	73.0	2 655	983
Skilled	90	98.5	3 111	46	98.6	3 283	47
Semi-skilled	90	99.3	1 635	10	99.2	1 898	16

Although the percentages have remained relatively stable, the percentage of black females has increased from 14.4% in 2009 to 16.0% in 2010 as a result of focused recruitment programmes.

Nampak's target is to increase the number of disabled people in its employ in terms of its Charter to 3.0% in 2013 from its current position of 0.91% (0.8% in 2009).

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.

Nampak classifies its skills development into the following broad categories:

	Black target representation
Leadership development	
Executive Coaching This programme is aimed at senior operational managers who have a long-term potential for general and executive managerial positions.	50% (20% women)
Management Development Programme^{Plus} The programme focuses on leadership development of high potentials at a senior operational management level.	60% (50% women)
Tomorrow's Leader Programme The programme centres on supervisory staff that have potential to fill operational management roles.	70% (50% women)
Nampak Sales Acumen Development This programme is addressing technical sales skills within the broadened view of packaging solutions selling. The programme is aimed at high-potential sales representatives and managers to fill key senior key account management roles.	65% (50% women)
Training Outside Public Practice (TOPP) Nampak is participating on SAICA's TOPP programme. The programme is aimed at training prospective chartered accountants in Nampak through the financial management route. Trainees are employed on three to five-year contracts.	70% (50% women)

Sustainability report continued

Leadership development	Black target representation
Graduate Development Programme The programme runs for two years and focuses on introducing new graduates to the Nampak group. It is aimed at addressing the skills shortage in engineering, finance and accounting, information technology and marketing. During the programme, young graduates are placed in jobs at divisions and complete an academic course involving individual and group assignments. Successful candidates are offered permanent employment in the group. The retention rate in this programme is a competitive 60%.	80% (75% women)
Manufacturing Techniques The programme is aimed at supervisory and middle operational managers to build technical capabilities on world class manufacturing and contains improvement techniques.	70% (50% women)
Finance for Non-financial Managers The programme is designed to enable managers from all functional areas to understand the financial impact of the business decisions they make as well as find opportunities to profitably grow their business.	60% (50% women)
Business Excellence Programme This programme concentrates on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.	90% (50% women)
Bursaries and grants	Black target representation
Bursary scheme and tertiary grants The company draws bursars in appropriate fields, with emphasis on selection from Nampak-partnered schools and communities, to provide a supply into the Graduate Development Programme.	90% (80% women)

In the year under review, the following training took place:

Programme	Target group	Candidates	% black	% black female
Executive Coaching	Senior operational managers	27	22	4
Management Development Programme ^{Plus}	Middle management	21	81	29
Tomorrow's Leader Programme	Supervisors and first line management	23	89	13
NSAD	Sales managers and representatives	12	68	42
TOPP	Graduates	8	100	75
Graduate Development Programme	Graduates	58	98	53
Manufacturing Techniques	Manufacturing and production staff	67	79	5
Business Excellence Programme	Production and clerical	32	97	16
Finance for Non-financial Managers	Middle management	11	64	27
Business Presentation Skills	Middle management	19	63	47
Mentorship Programme	Middle management	34	65	15

Nampak currently has 395 registered apprentices and learnerships in its various divisions, up from 256 in 2009.

Since 2001, the South African divisions have received funds totalling R78.1million from the Department of Labour as a proportion of the skills development levy from the Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority ("MAPP-SETA").

Nampak currently provides 42 bursaries for tertiary education of which 41 are for black students and one is for a white student. There are 25 male and 17 female students. The bursaries are provided in areas where Nampak is experiencing skills shortage including engineering, science and accounting.

The overall number of employees trained in South Africa is set out in the table below. Employees attended a range of occupational training courses, as well as industrial relations, productivity improvement, environmental, health and safety, first aid and fire-fighting.

General training numbers in South Africa

	2010		2009	
	Percentage	Number	Percentage	Number
Black	82	4 100	82	4 723
White	18	911	18	1 019
		5 011		5 742

Corporate social investment

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

The second principle aligns enterprise development and corporate social investment to initiatives which improve collection and recycling opportunities for its packaging products.

Through the various programmes, the group aims to assess, manage and enhance the positive impacts of its operations on local communities.

The group has a target of allocating up to 1% of its profit after tax to corporate social investment. During 2010, nearly R8.9 million was spent in the following categories:

Category	Expenditure 2010 R000's	Expenditure 2009 R000's
Education	R4 982 000	R4 373 000
Health and welfare	R2 298 000	R1 581 000
Environment	R1 412 000	R1 500 000
Business Trust	Discontinued	R 862 000
Various charities	R196 000	R465 000
	R8 888 000	R8 781 000

Education

During the year under review, Nampak spent R4.98 million on education initiatives.

Bursaries were awarded to the value of R1 062 820. The bursary scheme, which has been operating successfully for many years, provides assistance to high-potential learners for continuing education at tertiary institutions. Being a manufacturing organisation, the allocation of bursary funds is mainly to those learners who are studying towards science, engineering and accounting degrees. Wherever possible, employment opportunities identified within the group are offered to successful students. A total of 42 bursars are currently involved in the scheme.

Sustainability report continued

In addition, R90 000 was donated to Thuthuka Bursaries in support of three students studying for accounting degrees. Thuthuka is a project coordinated by the SA Institute of Chartered Accountants in order to increase the number of black accountants in the country.

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

In 2009, a soccer field was established at Amogelang. The facility is used extensively by the learners as well as the local community over weekends.

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

As the facilities become established less funding is required by the schools and a maintenance position is adopted. This allows for funding to be provided to additional schools and during the year Nkumbulo High School in Kwa-Thema, Gauteng commenced with programmes to upgrade the science laboratories, computer facilities and the library. Security was also upgraded.

Nampak appoints a school champion who is a Nampak employee for each school, who is responsible for engaging with the headmaster, teachers and school governing bodies on a regular basis. These sessions provide an opportunity for feedback and also ensure that the programmes are adding value in the correct areas.

The ultimate goal is to provide career opportunities for learners within the group either directly from school or through further education support. The criteria for awarding 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. Three bursars who had completed their studies joined the group during 2010.

The group plans to continue its involvement by growing the number of schools partnerships as funding allows. Consideration will be given to supporting schools close to the group's factories with a technical curriculum in the year ahead.



Health and welfare

Thembalethu (Our Trust) initiative

This assistance programme, facilitated by Nampak Tissue, manufacturers of Cuddlers disposable nappy brand, supplies specially branded disposable nappies to carefully chosen privately funded AIDS orphanages. During 2010, almost 1.9 million nappies were donated.

Sufficient feminine protection hygiene products to last a year were supplied by Nampak Tissue to 10 female students in Soweto during August. It is planned to extend this activity in future years.

Hospices

Nampak donated R800 000 to seven hospices (five in 2009) around the country for their work in caring for terminally-ill people, including some of Nampak's employees and family members.

Environmental linked to partnered schools

Eco-Schools

Nampak has engaged with the Eco-Schools co-ordinators with a view to introducing the programme, which is designed to encourage curriculum-based action for a healthy environment and to support sustainable development, into its partnered schools. It is an internationally recognised award scheme that accredits schools that are making a commitment to continuously improving their school's environment.

Indigenous garden

With the assistance of Kirstenbosch Gardens and the Department of Environmental Affairs, all exotic plants were removed from the school grounds and a mainly fynbos indigenous garden was established at Luhlaza, Khayelitsha in the Western Cape. It is now cared for by the teachers and students. A description of all the plants is displayed in an information kiosk as well as next to the plants. Many members of the local community take guided tours of the gardens. The site has also generated international interest with regular visits facilitated by Kirstenbosch as well as the University of the Western Cape. In addition, dune rehabilitation with assistance from the community in the surrounding areas is at an advanced stage.

Nampak Recycling

The redesigned high quality steel bins are presently being piloted at Skukuza and 150 bins have been installed at a cost of R800 000.



A similar project has commenced at Belhar School where indigenous medicinal plants are grown and being studied by the students as well as the University of the Western Cape.

A vegetable garden was established at Luhlaza High School. Borehole water, pumps and sprinkler systems were recommissioned and this water supplies the fynbos gardens as well as the vegetable gardens. The vegetable garden was developed by the biology teacher in conjunction with the local community. It currently sustains five families with additional income generated from sales of excess produce.

Recycling

Enterprise development

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

Sustainability report continued

Animal-proof dustbins

Nampak's support for waste disposal systems in the Kruger National Park dates back to 2006 when it supplied the first animal proof dustbins at a cost of R70 000. The bins were installed in Skukuza through a project driven by the Honorary Rangers. The initial bins did not provide for separation of waste and recycling. South African National Parks, the Honorary Rangers and Nampak worked together to design a new prototype of animal-proof dustbin that provided for separation of recyclables from other waste. The redesigned high quality steel bins are presently being piloted at Skukuza and 150 bins have been installed at a cost of R800 000. The long-term objective is to provide these bins in all South African National Parks camps and to develop a system to ensure increased recycling of packaging materials.

GRI performance indicator table

The GRI performance indicator table reflects the level C reporter requirements that have been included in this report and does not reflect the full list of indicators.

G3 indicator	Description	Page
1. Strategy and analysis		
1.1	Statement from senior decision-maker	Reference to AR page number 11
2. Organisational profile		
2.1	Organisation's name	Reference to AR page number 1
2.2	Major products	Reference to AR page number 2 and 3
2.3	Operational structure and major divisions	Reference to AR page number 2, 3, 18 to 24
2.4	Location of headquarters	Reference to AR page number 1
2.5	Countries of operation	Reference to AR page number 1
2.6	Nature of ownership	Reference to AR page number 188 to 190
2.7	Markets served including geographic breakdown/sectors served/customers	Reference to AR page number 18 to 24
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	Reference to AR page number 32 and 33
2.9	Significant changes during reporting period	About this report, page 38
2.10	Awards	Page 38
3. Report parameters		
3.1	Reporting period	About this Report, page 38
3.2	Date of previous report	About this Report, page 38
3.3	Reporting cycle	About this Report, page 38
3.4	Contact point	About this Report, page 38
3.5	Process for defining report content	About this Report, page 38

G3 indicator	Description	Page
3.6	Boundary of the report	About this Report, page 33
3.7	Limitations on the scope or boundary of the report	About this Report, page 38
3.8	Basis for reporting on joint ventures, etc.	About this Report, page 188 to 190
3.10	Restatements of information	About this Report, page 38
3.11	Significant changes from previous reporting periods	About this Report, page 38
3.12	GRI content index table	Page 62 to 65
4. Governance, commitments and engagement		
4.1	Governance structure including committees	Governance, page 66 to 72
4.2	Indicate whether chair of highest governance body is also an executive officer	Reference to AR page number 66 to 72 – Governance section
4.3	Percent of independent directors	Reference to AR page number 66 to 72 – Governance section
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	Governance, page 43
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social topics	Code of conduct and business ethics, page 44 to 71
4.13	Significant memberships in associations and/or advocacy organisations	Stakeholders, page 43
4.14	List of stakeholder groups	Stakeholders, page 43
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholders, page 43
4.16	Approaches to stakeholder engagement, including frequency and type	Stakeholders, page 43
Economic performance indicators		
EC1	Direct economic value generated and distributed	Value Added Statement, page 45
EC2	Financial implications and other risks and opportunities due to climate change	Nampak and Climate Change, page 47 to 49
EC3	Coverage of the organisation's defined benefit plan obligations	Reference to AR page number 146 to 150
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Black Economic Empowerment, page 56
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Black Economic Empowerment, page 55 to 56

Sustainability report continued

G3 indicator	Description	Page
Environmental performance indicators		
EN3	Direct energy consumption by primary source	Energy consumption, page 48
EN4	Indirect energy consumption by primary source	Energy consumption, page 48
EN5 (additional)	Total energy saved due to conservation and efficiency improvements	Energy Efficiency Initiatives, page 48
EN11	Location and size if land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, page 49
EN12	Description of significant impacts of activities, products , and services on biodiversity in protected areas and areas of highly biodiversity value outside protected areas	Recycling, page 49
EN13	Habitats protected or restored	Biodiversity, page 49
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Climate change, page 48 to 49
EN23	Total number and volume of significant spills	Spills, page 49
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Recycling initiatives, and Product and Service Innovations, page 49 to 51
EN27	Percentage of products sold and their packaging materials that are reclaimed by product category	Recycling, page 49 to 51
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Business ethics, page 44
Labour practices and decent work		
LA1	Total workforce by employment type, employment contract, and region	Staff Complement, page 53
LA3 (additional)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Partially addressed on page 53 to 55
LA4	Percentage of employees covered by collective bargaining agreements	Employee Relations, page 55
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work related fatalities by region	Page 54
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	Employee Assistance Programme, and HIV and AIDS , page 53 and 55
LA9 (additional)	Elements of occupational health and safety management approach	Occupational Health and Safety, page 54
LA10	Average hours of training per year per employee by employee category	People Development, page 54
LA11 (additional)	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People, page 57 to 59
LA12 (additional)	Percentage of employees receiving regular performance and career development reviews	People Development, page 54
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Refer to B-BBEE section on page 57

G3 indicator	Description	Page
Human Rights		
HR4	Total number of incidents of discrimination and actions taken	Business ethics, page 44 and 71
HR6	Operations identified as having significant risk for incidents of child labour, measures taken to contribute and eliminate child labour	Business ethics, page 44 and 71
Society		
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	Corporate Social Investment, page 59 to 62
SO3	Percentage of employees trained in the organisation's anti-corruption policies and procedures	Business ethics, page 71
SO4	Actions taken in response to incidents of corruption	Business ethics, page 44
SO5	Public policy positions and participation in public policy development and lobbying	Page 43
SO7 (additional)	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Business ethics, page 44
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance, page 44

Corporate governance report

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

In the year under review Nampak complied with all the corporate governance requirements of the JSE Limited and the principles of King II. The requirements of King III – the Code of Governance Principles for South Africa 2009 – will apply to the group for the financial year commencing 1 October 2010. Good progress has been made in the actions required for compliance and this will be reported on more fully in the next annual report.

Board of directors

Nampak's board comprises three executive and eight non-executive directors. A formal procedure is followed for all appointments, which are confirmed by shareholders at the annual general meeting. All the non-executive directors are considered by the board to be independent. Mr RJ Khoza has been reclassified as an independent, non-executive director since the BEE consortium of which he is a member, no longer provides services to Nampak.

During the year under review the following changes to the board occurred:

- ▶ Mr ML Ndlovu resigned as a non-executive director on 16 October 2009;
- ▶ Mr KM Mokoape resigned as a non-executive director on 23 October 2009;
- ▶ Mrs DC Moephuli was appointed a non-executive director on 23 November 2009;
- ▶ Mr T Evans retired as chairman and non-executive director on 31 May 2010;
- ▶ Mr TT Mboweni was appointed as chairman and non-executive director on 1 June 2010;
- ▶ Mr MH Visser resigned as a non-executive director on 5 August 2010.

The board's responsibilities are contained in a formal charter, which will be reviewed to ensure compliance with King III and the new Companies Act, 2008; 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; and
- ▶ 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.

All directors are subject to retirement and re-election by shareholders every three years. Re-election takes place on a staggered basis to ensure continuity. The non-executive directors do not participate in any share incentive or share option scheme in the company.

The board meets at least six times per annum and the details of attendance in financial year 2010 are provided at the end of this report. The board is responsible for the strategic direction of the group, while also maintaining control over all material matters affecting the group including risk management and the selection of directors. All service contracts with executive directors may be terminated on notice periods not exceeding six months. The re-appointment of non-executive directors is not automatic and is recommended to the nomination committee. 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 pages 4 and 5 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. An evaluation of the board and its committees is in the process of being carried out by an independent party.

Board committees

During the year under review the board decided to review the framework and membership of the board committees in line with best practice and to put the company in a better position to comply with the requirements of King III. The revised framework will be effective from 1 October 2010.

Remuneration committee

Members:

PM Surgey (chairman)

RC Andersen

TT Mboweni

[Mr T Evans resigned as chairman of the committee on 31 December 2009 and as a member of the committee on 31 May 2010. Mr Mboweni was appointed a member of the committee on 1 June 2010].

With effect from 1 January 2010, the board resolved to split the Remuneration and Nomination Committee into two separate committees to deal with remuneration and nominations.

During the year under review the committee was chaired by an independent director of the company and in addition comprised three independent directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own remuneration.

The committee met formally on two occasions as the combined Remuneration and Nominations Committee and then on three occasions as the Remuneration Committee during the financial year. It operated within written terms of reference which were revised during the year under review to exclude the nomination function.

The terms of reference provided direct authority to the committee to consider contractual arrangements of executives including general remuneration policy. The committee was authorised to approve executive remuneration that was fair and competitive, after taking into account the business strategy and talent retention.

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

Nomination committee

Members:

TT Mboweni (chairman)

RC Andersen

PM Surgey

[Mr T Evans resigned as chairman of the committee on 31 May 2010 and Mr TT Mboweni was appointed chairman of the committee on 1 June 2010].

The committee was established on 1 January 2010 and is appointed by the board. During the year under review the

Corporate governance report continued

committee was chaired by the chairman of the group, who is an independent, non-executive director and in addition comprised two independent non-executive directors.

Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own positions.

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

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

The committee met on two occasions as the combined remuneration and nominations committee and then on three occasions as the nomination committee.

During the year the committee fulfilled its mandate.

Mr TT Mboweni was appointed chairman of the board with effect from 1 June 2010 following the resignation of Mr Evans and Mrs DC Moephuli was appointed as a non-executive director with effect from 23 November 2009 following the resignations of Messrs Mokoape and Ndlovu.

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

Mr Khoza, who was previously classified as not independent, has been reclassified as independent as a result of the exercise. The status of all other non-executive directors remains independent.

The committee supports the re-election of directors who retire by rotation as set out in the notice of the annual general meeting.

The board and committee evaluation process has commenced and is being facilitated by the Institute of Directors.

Audit committee

Members:

RV Smither (chairman)

RC Andersen

CWN Molohe

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

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

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

The committee meets at least twice 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 five times.

At its meetings the committee reviews the group's financial results, receives and considers reports from the internal and external auditors on the results of their work and attends generally to its responsibilities. The committee also meets separately with the external auditors to obtain assurance that they have received full cooperation from management, while the committee chairman meets regularly with key executives to review issues which 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.

The committee nominated Deloitte & Touche for appointment as auditor for the year under review, having satisfied itself that they are independent of the company. The committee also determined the fees to be paid to the auditor and the nature and extent of the non-audit services which the auditor may provide to the company.

Risk management committee

Members:

CWN Molohe (chairperson)

PM Madi

R V Smither

AB Marshall

G Griffiths

The risk management committee operates within written terms of reference. The committee meets at least twice per year. Appropriate senior executives are invited to attend the committee meetings.

The committee's primary functions are set out in detail on page 40 of this report.

Transformation and sustainability committee

Members:

PM Madi (chairman)

PM Surgey

[Note: Messrs ML Ndlovu and KM Mokoape resigned as members of the committee on 16 October and 23 October 2009 respectively. Mr PM Madi was appointed a member and chairman of the committee on 9 November 2009].

The committee is chaired by an independent non-executive director and in addition comprises at least one further independent 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. The committee's primary functions are set out in detail on page 40 of this report. The committee met three times during the year under review.

To facilitate compliance with the requirements of King III the board decided to reorganise the risk management committee and the transformation and sustainability committee with effect from 1 October 2010, into the risk and sustainability committee and the transformation committee. Revised charters for these committees will be reviewed and adopted during the course of the 2011 financial year.

Risk management

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, compliance, environmental and social risks.

A detailed report on risk management appears on pages 40 to 42 of this report.

Corporate governance report continued

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 are formally defined.

Towards the end of the year under review the board approved a proposal to outsource the internal audit function to Ernst & Young and the necessary contractual arrangements are being put in place, with the new service expected to commence in January 2011.

The external auditor's annual audit plan is approved at a meeting of the audit committee. The external auditors provide an independent assessment of internal controls and systems through the audit work that they perform. They complement the work of the internal auditors and review all internal audit reports on a regular basis. The external auditors are also responsible for reporting on whether the financial statements are fairly presented and their report is presented on page 92.

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 pre-approved contracts with the external auditor for the provision of non-audit services to the company.

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

	Rm
▶ taxation consultancy services	1.207
▶ human resource and other consulting	1.173
▶ Tip Offs Anonymous	0.120

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

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

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 70 forensic reviews were conducted during the year as a result of reports received.

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.

Corporate governance report continued

Attendance at board and committee meetings during the year ended 30 September 2010

	Board		Audit committee		Transformation and sustainability committee		Remuneration* committee		Nomination* committee		Risk management committee	
	A	B	A	B	A	B	A	B	A	B	A	B
RC Andersen	6	6	5	5	—	—	4	3	4	3	—	—
T Evans retired on 31 May 2010	4	4	—	—	—	—	2	2	2	2	—	—
G Griffiths	6	6	—	—	—	—	—	—	—	—	2	2
RJ Khoza	6	4	—	—	—	—	—	—	—	—	—	—
PM Madi	6	6	—	—	1	1	—	—	—	—	2	1
AB Marshall	6	6	—	—	—	—	—	—	—	—	2	2
TT Mboweni appointed on 1 June 2010	3	3	—	—	—	—	2	2	2	2	—	—
DC Moephuli appointed on 23 November 2009	5	4	—	—	—	—	—	—	—	—	—	—
CWN Molohe	6	6	5	5	—	—	—	—	—	—	2	2
RV Smither	6	6	5	4	—	—	—	—	—	—	2	2
PM Surgey	6	6	—	—	1	1	4	4	4	4	—	—
FV Tshiqi	6	6	—	—	—	—	—	—	—	—	—	—
MH Visser resigned on 5 August 2010	5	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.

*The first meeting in the period under review was a meeting of the Remuneration and Nomination committee, prior to the split into two separate committees on 1 January 2010.

Remuneration report

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

The remuneration committee

The remuneration committee is a committee of the board and usually meets three times each year. Attendance at these meetings is shown on page 72. The role of the committee is set out in written terms of reference and includes the following mandates:

- ▶ To oversee the setting and administering of remuneration at all levels in the company.
- ▶ To oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- ▶ To consider and recommend to the board whether the remuneration policy should be put to a non-binding advisory vote at the annual general meeting of shareholders once every year.
- ▶ To review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- ▶ To ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the company's needs and strategic objectives.
- ▶ To satisfy itself as to the accuracy of recorded performance measures which govern the vesting of incentives.
- ▶ To ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- ▶ To consider the results of the evaluation of the performance of the chief executive officer and other executive directors, both as directors and as executives in determining remuneration.
- ▶ To select an appropriate comparative group when comparing remuneration levels.
- ▶ To regularly review incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules.
- ▶ To consider the appropriateness of early vesting of share-based schemes at the end of employment.
- ▶ To advise on the remuneration of non-executive directors.
- ▶ To oversee the preparation and recommending to the board the remuneration report, to be included in the integrated report, for whether it:
 - is accurate, complete and transparent;
 - provides a clear explanation of how the remuneration policy has been implemented; and
 - provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66(9) of the Companies Act, 2008.

The minutes of the meetings are circulated to directors. The committee is entitled to use external consultants to seek advice on certain matters, and to this end, appropriate experts have advised the committee during the year. PricewaterhouseCoopers has advised on executive directors' and non-executive directors' remuneration and the long-term incentive remuneration structures. Deloitte Consulting and Global Remuneration Solutions have provided benchmarks of pay levels for both executive and non-executive directors' remuneration. No other remuneration-related services have been provided by these organisations. The chief executive officer and group human resources director attend the meetings, except when their remuneration is discussed. The chief executive officer also provides input into the committee regarding the remuneration of his direct reports.

The remuneration committee reviews retirement and assured benefit structures within the group annually or when required in order to ensure that the benefits are appropriate and correctly valued.

Remuneration report continued

Members of the remuneration committee

Membership criteria of the remuneration committee are set out in the terms of reference and the current members are:

- ▶ PM Surgey (chairman)
- ▶ RC Andersen
- ▶ TT Mboweni

Mr Evans resigned as chairman of the committee with effect from 31 December 2009 and Mr Surgey was appointed as chairman with effect from 1 January 2010. Mr Evans resigned from the committee with effect from 31 May 2010 and Mr Mboweni was appointed with effect from 1 June 2010.

Remuneration philosophy

Executive directors

The remuneration philosophy is designed to support the group's strategy of continuous improvements in performance. In order to drive this strategy and move the business forward, attraction and retention of the appropriate calibre of directors and senior executives is vital and is core to success. This requires remuneration structures that are relevant, transparent and competitive when benchmarked against practices and market survey data in each jurisdiction.

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

The annual cash incentive bonus combined with the longer-term share plans are structures to encourage suitable superior growth

in earnings through the achievement of challenging performance criteria and are designed to align longer-term director, and senior executive, remuneration directly to growth in shareholder wealth.

During the year the remuneration committee proposed and shareholders approved the introduction of the deferred bonus plan as a third element in the long-term incentive structure which allows executive directors and senior managers to use a portion of any incentive bonus earned to purchase shares in Nampak. A matching award of shares is allocated to those who elected to participate after three years provided the executive has remained in active employment.

Remuneration structure changes for 2011

The committee considered the balance between guaranteed pay and on-risk pay and decided to adopt a framework which provides for guaranteed pay at levels below the median, with increased allocations of shares to increase the on-risk proportion of the total remuneration paid. This provides further direct alignment with shareholders as executive earnings are dependent on achievement of challenging performance conditions. Value is created through improvement in total shareholder returns generally.

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

Summary of remuneration structures

The table below summarises the different elements of the executive directors' remuneration packages. Further details are provided on pages 76 to 84.

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

Remuneration report continued

Remuneration component	Purpose	Basis for determination	Delivery
Share Appreciation Plan	<ul style="list-style-type: none"> Provides instruments to attract and retain executives and senior management 	<ul style="list-style-type: none"> Rights conditional upon the group achieving specific performance criteria Alignment with shareholders' objectives of growth in share price Current allocations: three-year vesting, seven-year lapse 	<ul style="list-style-type: none"> Appreciation delivered in shares Subject to achievement of headline earnings per share adjusted for fair value gains or losses target Targets established for each allocation taking into account market trends Annual allocations
Deferred Bonus Plan	<ul style="list-style-type: none"> Alignment of shareholder experience with directors and senior executives and retention 	<ul style="list-style-type: none"> Encourage senior executives to use a portion of their after-tax incentive bonus to acquire shares in the company 	<ul style="list-style-type: none"> Delivered in shares Matching shares awarded after three years Annual allocations
Retention payment	<ul style="list-style-type: none"> Retention of one executive director and certain senior executives 	<ul style="list-style-type: none"> Referenced against guaranteed package at time of payment 	<ul style="list-style-type: none"> Delivered in cash Paid on a once-off basis in exchange for three years' service

Executive directors' remuneration in more detail

Guaranteed package

Director job levels are established with assistance from external consultants after considering size and complexity of the role. These are then benchmarked against the market on an annual basis at the end of each financial year using comprehensive survey data in related industries for each jurisdiction. Global Remuneration Solutions provides general market data excluding financial services companies and Deloitte provides general market survey data. This information, together with an overview of published remuneration rolled forward by the average executive increases, provides the committee with a sound base on which to make informed decisions.

The committee has the authority to approve guaranteed packages that will attract and retain the correct calibre of talent. Guaranteed package levels are recommended by the chief executive officer after taking into account individual experience, current performance and contribution, future career progression as well as resource availability. The targeted level of guaranteed package for 2011 has been set at 95% of the average market median of two service providers. This facilitates the change in the remuneration philosophy which provides for a higher weighting to be allocated towards the on-risk pay element within the overall remuneration structure. The committee has discretion to approve guaranteed packages below or above the target percentage of the median where specific circumstances merit a differential. Such circumstances could include attraction and retention of a scarce skill. The guaranteed packages earned by directors are reflected in table 1(a) on page 78 of this report.

Retirement funding, assured benefit cover and healthcare form part of the overall guaranteed package in line with general market trends assessed by Fifth Quadrant and Cadiant in South Africa and JLT in the United Kingdom. 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 within the guaranteed package. All directors are participants in the defined contribution section of the Nampak Group Pension Fund. The benefits provided and related policies are reviewed regularly by the remuneration committee to ensure that they remain justified and are correctly valued. The total value of the contributions towards retirement funding is shown separately in table 1(a) on page 78 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 committee, the members of which bring experience from their participation on other remuneration committees and board positions. This experience, coupled with extensive local knowledge and international market data and trend analysis, provides sufficient information to set the financial targets at the commencement of each financial year once the business strategy has been agreed. The committee has discretion to withdraw or change the incentive bonus scheme annually and to withhold any payments if specific circumstances warrant.

The primary focus for the incentive scheme for the financial year under review remained to reward directors and senior managers for the achievement of challenging financial growth. The maximum potential incentive bonus for the year ending 30 September 2010 was capped at 120% of guaranteed package for the chief executive officer, 100% for the chief financial officer and 90% for the group human resources director. The maximum potential incentive bonus for the year ending 30 September 2011 is capped at 125% for the chief executive officer, 105% for the chief financial officer and 95% for the group human resources director. This supports the principle of a higher level of on-risk pay for the year ahead.

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

The other component of the annual incentive bonus continued to be linked to the achievement of individual performance targets. The maximum weighting allocated towards individual performance targets within the overall maximum potential incentive is 33.4% for the chief executive officer and 30% for other executive directors. Individual performance targets are set and reviewed by the committee and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group. Payments under this component are made irrespective of performance against the

financial component, meaning that, if the individual performance targets are achieved, a bonus payment will be made to the executive. The committee however holds overriding discretion on incentive bonus payments including a zero bonus should circumstances point towards adopting this approach.

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

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

The financial components of the incentive bonus target for directors for 2011 are:

- ▶ **Growth in headline earnings per share** in excess of the average consumer price index adjusted for fair value financial gains or losses of the entry level is achievement of the average consumer price index and the top end target is achievement of 9% above the average consumer price index. 20% of the incentive bonus will be paid at entry level and thereafter bonus payments will accrue on a straight-line basis to 100% for top end performance.
- ▶ A threshold group **return on net asset** performance requirement of 15% before any incentive can be earned under the financial component.

The targets provide a balance between earnings growth requirements supported by improvements in balance sheet ratios. Divisional targets are set at a trading income level with minimum threshold return on net asset requirements before any financial incentive bonus can be paid. The financial targets are vital to the group's business strategy of continuous improvements in performance on a line-of-sight basis.

The financial component for the senior executives and divisions will be based on growth in trading income with a threshold performance requirement in return on net assets.

Remuneration report continued

Table 1 (a): Executive directors' remuneration 2010

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand)	Incentive bonus (rand)	Total remuneration (rand)	Gains on share plans (rand)
Columns	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8
G Griffiths	2 483 963	261 963	216 037	2 961 963	—	2 928 000	5 889 963	—
AB Marshall	3 497 773	1 063 721	303 827	4 865 321	—	5 550 336	10 415 657	—
FV Tshiqi	1 904 383	—	162 284	2 066 667	—	1 882 755	3 949 422	279 289
	7 886 119	1 325 684	682 148	9 893 951	—	10 361 091	20 255 042	279 289

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

The average increase to guaranteed packages for executive directors and senior executives with effect from 1 October 2010 was 3%. This compares to an anticipated average increase to other non-unionised employees of 6.5%. The increase awarded to executive directors and senior executives is lower than has been the case in the past to give effect to the decision taken by the remuneration committee that guaranteed pay levels of executive directors and senior executives should be below the market median with the introduction of more on-risk pay.

Table 1 (b): Executive directors' remuneration 2009

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 2	Incentive bonus (rand)	Total remuneration (rand)	Share gains (rand)
Columns	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8
GE Bortolan ³	1 535 145	537 504	133 305	2 205 954	9 945 356	2 170 341	14 321 651	—
G Griffiths ⁴	179 222	23 142	15 778	218 142	155 516	120 000	493 658	—
TN Jacobs ⁵	2 155 979	277 703	184 830	2 618 512	258 065	468 000	3 344 577	514 878
AB Marshall ⁶	1 889 267	724 645	164 066	2 777 978	2 500 000	1 400 000	6 677 978	—
FV Tshiqi ⁷	319 936	—	21 731	341 667	1 675 000	820 000	2 836 667	—
	6 079 549	1 562 994	519 710	8 162 253	14 533 937	4 978 341	27 674 531	514 878

Note 1: For the purpose of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1: R13.9367.

Note 2: Refer to table 2 for details.

Note 3: Retired from the Nampak Limited board with effect from 31 March 2009.

Note 4: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 5: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009.

Note 6: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 7: Appointed to the Nampak Limited board with effect from 29 July 2009.

Table 2: Value of executive directors' other benefits 2009

Name	Leave pay (rand)	Retirement gratuity, gift and long service award (rand)	Notice pay (rand)	Sign-on bonus (rand)	Retention payment (rand)	Relocation allowance (rand)	Restraint of trade (rand)	Total value of benefits per table 1(a) above (rand)
GE Bortolan ¹	615 009	513 334	8 817 013	—	—	—	—	9 945 356
G Griffiths ²	—	—	—	—	—	155 516	—	155 516
TN Jacobs ³	256 731	1 334	—	—	—	—	—	258 065
AB Marshall ⁴	—	—	—	1 500 000	—	1 000 000	—	2 500 000
FV Tshiqi ⁵	—	—	—	—	1 675 000	—	—	1 675 000
	871 740	514 668	8 817 013	1 500 000	1 675 000	1 155 516	—	14 533 937

Note 1: Retired from the Nampak Limited board with effect from 31 March 2009. All pay for other benefits is contractual.

Note 2: Appointed to the Nampak Limited board with effect from 1 September 2009.

Note 3: Resigned from the Nampak Limited board with effect from 31 August 2009 and resigned from the group with effect from 30 September 2009.

Note 4: Appointed to the Nampak Limited board with effect from 1 March 2009.

Note 5: Appointed to the Nampak Limited board with effect from 29 July 2009. Retention payment for three year lock-in period which gross amount needs to be repaid to the company in the event the executive resigns from the group before 31 July 2012.

Share plan structure

Awards are currently granted to directors and senior executives under the following three plans:

- ▶ Performance Share Plan
- ▶ Share Appreciation Plan
- ▶ Deferred Bonus Plan

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

The maximum value of performance awards is set by the 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 annual 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 provided by PwC.

Remuneration report continued

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 shares is conditional upon the group achieving specific stretch targets which are set by the remuneration committee at commencement of the three-year performance period. The vesting period is three years. In order to align participant reward with shareholders' returns and to support retention strategies, one-third of the released shares vests immediately on the release date, the second 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 company achieved a ranking of 13th out of 31 companies and as a result 50.45% of the allocated shares vested at the end of the three-year performance period. One-third of the shares were released in July 2009 and the second third of the shares were released in July 2010. The board supported the allocation of additional shares in respect of dividends earned on the shares before the release date for executives in employment.

The 2007 and 2008 awards included a second performance condition for half the award based on growth in headline earnings per share adjusted for fair value gains or losses. The target for 2007 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 15% and 45% per annum in excess of the consumer price index over the three-year period. The target for 2008 was headline earnings per share adjusted for fair value gains or losses on a linear basis between 9% and 24% in

excess of the consumer price index over the three-year period.

The group's TSR ranked against the TSR achievement of the constituent companies of the JSE 40, excluding resources, on the start date of the performance period 1 October 2007 for the 2007 allocations and 1 October 2008 for the 2008 allocations (which currently comprises 29 comparator companies), governs the vesting of the second half of the award. Vesting takes place in accordance with a vesting curve which provides for 100% of the allocations to vest for a ranking position of 1, 50% for a ranking position of 13 and no vesting for a ranking of 25. Between these points straight-line vesting is applied. The company is currently ranked 19 in respect of the 2007 allocations and 9 in respect of the 2008 allocations.

For the 2009 awards, two performance conditions with equal weighting were attached to the awards. The first provides for an achievement in headline earnings per share index adjusted for fair value gains and losses of on a linear basis between 9% and 24% in excess of the consumer price over the three-year period. The second provides for a cumulative improvement in total shareholder return of between 9% and 24% in excess of the consumer price index.

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

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

These targets directly align shareholder experience with that of executives.

Table 3: Directors' Performance Share Plan 2010

Name	Date of allocation	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares released	Number of shares vested	Number of released shares sold	Average exercise price (cents)	Total gain on vested shares (rand)	Gain on additional dividend shares (rand)	Balance of released shares
G Griffiths	04.12.2009	118 811 ¹	—	—	—	—	—	—	—	—
AB Marshall ²	03.02.2010	150 000 ¹	—	—	—	—	—	—	—	—
	04.12.2009	251 331 ¹	—	—	—	—	—	—	—	—
	02.03.2009	338 826	—	—	—	—	—	—	—	—
FV Tshiqi	04.12.2009	44 806 ¹	—	—	—	—	—	—	—	—
	10.12.2008	73 607	—	—	—	—	—	—	—	—
	10.12.2007	32 842	—	—	—	—	—	—	—	—
	25.05.2006	40 000	(19 820)	20 180	13 454	5 537	1 731	232 889	46 400	6 726

Note 1: Final release of shares subject to approval by shareholders at the annual general meeting.

Note 2: Additional award linked to achievement of certain key strategic initiatives and an improvement in headline earnings per share in excess of the consumer price inflation of 6% over the three year performance period.

Share Appreciation Plan

The Share Appreciation Plan provides the remuneration committee with an instrument to retain executive directors and nominated 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 shares 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 headline earnings per share growth adjusted for fair value gains or losses. At the end of the three-year performance period, the gain on the share appreciation right is settled in the number of shares that are released and vest to each participant is determined against achievement of the performance targets. The current plan provides that one-third of the resulting shares can be accessed immediately on vesting, the second third a year later and the final third two years later or five years after the original conditional award. All vested awards must be exercised within 10 years of the original award date. The vesting structure for future allocations provides for immediate vesting if performance conditions are met and a reduction to seven years from the original award date for vested options to be exercised.

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

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

The remuneration committee will review the level of vesting of the 2007 allocation in December 2010.

The performance target for the December 2010 allocations will be based on growth in headline earnings per share adjusted for fair value gains or losses in excess of the consumer price index of 6% over the three-year performance period. Consistent growth in headline earnings per share supports improved share price performance.

Remuneration report continued

Table 4: Share Appreciation Plan 2010

Name	Date of allocation	Number of conditional shares awarded	Movements during the year	Number of shares that vested	Number of shares sold	Average exercise price (cents)	Gains on shares sold (rand)	Balance of vested shares	Lapse date
G Griffiths	04.12.2009	117 269 ¹	—	—	—	—	—	—	04.12.2019
AB Marshall	04.12.2009	148 841 ¹	—	—	—	—	—	—	04.12.2019
	02.03.2009	152 798	—	—	—	—	—	—	02.03.2019
FV Tshiqi	04.12.2009	49 138 ¹	—	—	—	—	—	—	04.12.2019
	10.12.2008	30 735	—	—	—	—	—	—	10.12.2018
	10.12.2007	27 591	—	—	—	—	—	—	10.12.2017

Note 1: Final release of shares subject to approval by shareholders at the annual general meeting.

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 closing market price at the date of the award granted on 10 December 2008 was R13.90. The strike price of R12.62 was determined with reference to the volume-weighted average price over the preceding 15 days.

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

Deferred Bonus Plan

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

Table 5: Deferred Bonus Plan purchases 2010

Name	Number of shares purchased	Share price	Matching award release date
G Griffiths	1 800	R17.89	22.02.2013
AB Marshall	23 330	R17.89	22.02.2013
FV Tshiqi	5 555	R17.89	22.02.2013

The Nampak 1985 Share Option Scheme

The Share Option Scheme is no longer appropriate due to changes in best practice and therefore has not been used to grant awards since 2 December 2004. The scheme will however remain in place until such time as prior granted options are exercised or lapse. The share options granted in previous years have not had any performance conditions attached to them.

The actual share options issued until December 2004 and the gains on the options exercised for the financial period under review for the directors are included in table 6. No further allocations will be made under the share option scheme.

Table 6: Directors' share options 2010

Name	Date of grant	Issue price (cents)	Number of options held at 30 September 2009	Number of options exercised	Exercise price (cents)	Gain on options exercised (rand)	Number of options held at 30 September 2010	Lapse date
FV Tshiqi	25.07.2002	1 326	40 000	—	—	—	40 000	25.07.2012
	27.11.2003	1 234	25 000	—	—	—	25 000	27.11.2013
	01.12.2004	1 495	40 000	—	—	—	40 000	01.12.2014

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

Dilution and IFRS expense

The level of dilution of the share plans is within parameters set by the remuneration committee and approved by shareholders. Under the share plans, the number of new shares which can be issued or treasury shares utilised is 32 million, which is split as follows:

- ▶ Performance Share Plan 9 million shares;
- ▶ Share Appreciation Plan 18 million shares; and
- ▶ Deferred Bonus Plan 5 million shares.

The current allocations under each plan as at 30 September 2010 prior to the application of performance conditions are as follows:

- ▶ Performance Share Plan 3.1 million shares;
- ▶ Share Appreciation Plan 6.9 million; and
- ▶ Deferred Bonus Plan no shares.

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

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

Remuneration report continued

Table 7 (a): Recognised IFRS 2 expense during 2010

Name	Balance of shares on which expense is based at 30 September 2010	Expenses recognised during the year (rand)
G Griffiths		
Performance Share Plan	118 811	335 694
Share Appreciation Plan	117 269	186 578
AB Marshall		
Performance Share Plan	740 157	1 190 260
Share Appreciation Plan	301 639	236 810
FV Tshiqi		
Options	65 000	—
Performance Share Plan	157 981	225 076
Share Appreciation Plan	107 464	78 180
Black Management Trust	982 579	512 894

Table 7 (b): Recognised IFRS 2 expense during 2009

Name	Balance of shares on which expense is based at 30 September 2009	Expenses recognised during the year (rand)
AB Marshall		
Performance Share Plan	338 826	549 158
Share Appreciation Plan	152 798	—
FV Tshiqi		
Options	65 000	506
Performance Share Plan	126 629	190 201
Share Appreciation Plan	58 326	—
Black Management Trust	700 000	595 000

Black Management Trust

In response to the Broad-Based Black Economic Empowerment Act No 53 of 2003 and to demonstrate Nampak's commitment to transformation, The Nampak Black Management Trust was established on 30 September 2005. Nampak provided a founding grant to the trust that provided for shares to be allocated to black managers over a period of five years. One-third of the shares

vested three years after the operative date, a further one-third vested after four years and the final third will vest on 30 September 2010 provided the service is not terminated for disciplinary reasons. The shares will be held in the trust until 31 December 2015, at which time the founding grant will be settled and the balance of the benefit will be released to the beneficiaries.

Table 8: Allocations under the Black Management Trust

Name	Date of allocation	Number of awards granted	Grant price in (cents)
FV Tshiqi	15.12.2005	350 000	1 513
	31.03.2007	350 000	1 513
	01.04.2010	275 000	1 513
	30.09.2010	7 579	1 513

Service contracts

The chief executive officer and chief financial officer have indefinite service contracts with a six-month notice period to 30 September each year. The notice periods automatically reduce to three-months at the end of September and the committee reviews and agrees the notice periods for the following year. The notice periods were renewed at six-months with effect from 1 October 2010. The group human resources director has an indefinite service contract with a three-month notice period.

In the event of redundancy, executive directors are entitled to pay in addition to notice pay in terms of the Nampak redundancy policy. Redundancy pay for directors is four weeks of pay for every completed year of service calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. On retirement, executive directors receive a retirement gratuity to a maximum of R500 000.

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

Non-executive directors' remuneration

The board considers recommendations on non-executive directors' fees after taking into account the duties performed and market trends. Non-executive directors received a fixed level of remuneration for their services based on their participation in board meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. The chief executive officer recommends the non-executive director fee structures after obtaining input from external consultants regarding market movements and current pay practices. Consideration is given to any changes in the level of complexity of the roles when assessing the fee recommendations. These recommendations are then considered by the remuneration committee (excluding recommendations on their own fees) and the board before being submitted to shareholders for approval. An increase to the non-executive directors' and committee fees will be proposed for 2011 and the proposals are set out on page 87 and in the notice of the annual general meeting. The fees earned by the non-executive directors for the financial period under review are outlined in table 9 (a).

Table 9 (a): Non-executive directors' remuneration 2010

Name	Notes	Directors' fees (rand)			Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk management committee total fees (rand)	Transformation and sustainability committee total fees (rand)	Total (rand)
		Base fee	Meeting fees	Audit committee total fees (rand)					
RC Andersen		80 500	60 000	100 500	53 750	10 625	—	—	305 375
T Evans	1	620 000	80 000	—	46 621	—	—	—	746 621
RJ Khoza		80 500	40 000	—	—	—	—	—	120 500
PM Madi		80 500	60 000	—	—	—	46 000	69 370	255 870
TT Mboweni	2	310 000	60 000	—	23 629	—	—	—	393 629
DC Moephuli	3	68 688	50 000	—	—	—	—	—	118 688
KM Mokoape	4	8 125	—	—	—	—	—	3 250	11 375
CWN Molope		80 500	70 000	90 500	—	—	91 000	—	332 000
ML Ndlovu	5	5 652	—	—	2 261	—	—	4 260	12 173
RV Smither		80 500	60 000	160 500	—	—	51 000	—	352 000
PM Surgey		80 500	70 000	—	103 750	13 125	—	46 000	313 375
MH Visser	6	68 250	40 000	—	—	—	—	—	108 250
		1 563 715	590 000	351 500	230 011	23 750	188 000	122 880	3 069 856

Note 1: Resigned from Nampak Limited board with effect from 31 May 2010.

Note 2: Appointed to the Nampak Limited board with effect from 1 June 2010.

Note 3: Appointed to the Nampak Limited board with effect from 23 November 2009.

Note 4: Resigned from Nampak Limited board with effect from 23 October 2009.

Note 5: Resigned from Nampak Limited board with effect from 16 October 2009.

Note 6: Resigned from Nampak Limited board with effect from 5 August 2010.

Remuneration report continued

Table 9 (b): Non-executive directors' remuneration 2009

Name	Notes	Directors' fees (rand)	Audit committee fees (rand)	Remuneration and nominations committee fees (rand)	Risk management committee fees (rand)	Transformation and sustainability committee fees (rand)	Total (rand)
RC Andersen	1	112 103	56 051	9 043	—	—	177 197
T Evans	2	975 000	—	98 000	—	—	1 073 000
DA Hawton	3	107 745	—	43 098	—	—	150 843
MM Katz	4	107 745	53 872	43 098	—	—	204 715
RJ Khoza	5	130 000	—	—	—	—	130 000
PM Madi	6	112 103	—	—	9 043	—	121 146
KM Mokoape		130 000	—	—	—	52 000	182 000
CWN Molope	7	130 000	65 000	—	98 000	—	293 000
ML Ndlovu		130 000	—	52 000	—	98 000	280 000
RV Smither		130 000	130 000	—	52 000	—	312 000
PM Surgey	8	22 609	—	9 043	—	9 043	40 695
MH Visser	9	130 000	—	—	—	—	130 000
RA Williams	10	18 521	9 260	—	—	—	27 781
Total		2 235 826	314 183	254 282	159 043	159 043	3 122 377

Note 1: Appointed to the Nampak Limited board with effect from 21 November 2008.

Note 2: Share options allocated to Mr T Evans whilst he held an executive position.

Note 3: Resigned from the Nampak Limited board with effect from 29 July 2009.

Note 4: Resigned from the Nampak Limited board with effect from 29 July 2009. Fees paid to Edward Nathan Sonnenbergs incorporated.

Note 5: Fees paid to Mr Khoza personally.

Note 6: Appointed to the Nampak Limited board with effect from 21 November 2008.

Note 7: Fees paid to the Financial Services Board until 31 December 2008, thereafter to Ms Molope personally.

Note 8: Appointed to the Nampak Limited board with effect from 29 July 2009.

Note 9: Fees paid to M & I Group Services Limited.

Note 10: Resigned from the Nampak Limited board with effect from 21 November 2008.

The proposed increases in the level of fees payable to the non-executive directors for 2011 are set out in table 10. The fee structure consists of a base fee plus a fee per meeting attended. The benchmarking exercise performed by Global Remuneration Solutions and Deloitte indicated that the 2010 fees were well below the median. The proposed increases align the fees (on average) to the median for the year ahead which is the target level required to attract and retain appropriate skills and expertise.

Table 10: Proposed directors' fees and committee fees for 2011

Proposed fees 2011				
	Base fee (rand)	Fee per meeting for attendance (rand)	Number of formal meetings anticipated per annum	Total anticipated fee 2011 (rand)
Service as directors:				
Chairman of the board		Single fee for role of chairman		1 210 000
Directors	100 300	12 450	6	175 000
Audit committee				
Chairman	100 000	25 000	3	175 000
Members	49 000	12 000	3	85 000
Nomination committee				
Members	47 250	5 750	2	58 750
Risk and sustainability committee				
Chairman	70 250	17 250	2	104 750
Members	47 250	5 750	2	58 750
Remuneration committee				
Chairman	70 250	17 250	3	122 000
Members	47 250	5 750	3	64 500
Transformation committee				
Chairman	70 250	17 250	2	104 750
Members	47 250	5 750	2	58 750

The fees payable for attendance at meetings will be adjusted to reflect the actual number of meetings held during the financial year.

The anticipated total fee to non-executive directors for 2011 is R3.6 million (R3.07 million in 2010).



quality

qual•i•ty

noun | 'kwälətē |

our goal as a packaging company is to deliver
world-class quality products while being aware
of our social and environmental impact



Financial statements

91		Certificate by company secretary
91		Approval by the directors
92		Independent auditor's report
93		Audit committee report
94		Directors' report
100		Group statement of financial position
101		Group statement of comprehensive income
102		Group statement of changes in equity
103		Group statement of cash flows
104		Accounting policies
116		Notes to the group financial statements
176		Company statement of financial position
177		Company statement of comprehensive income
178		Company statement of changes in equity
179		Company statement of cash flows
180		Notes to the company financial statements
188		Interest in subsidiaries, joint ventures and associates
191		Investments

Certificate by company secretary

for the year ended 30 September 2010

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 No 61 of 1973 and that all such returns are true, correct and up to date.



NP O'Brien

Company secretary

22 November 2010

Approval by the directors

TO THE MEMBERS OF NAMPAK LIMITED

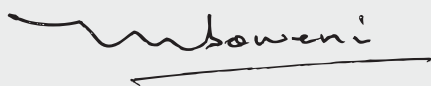
In accordance with Companies Act requirements, the directors of the company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

It is the responsibility of the independent auditors to report on the fair representation of the financial statements.

The directors are responsible for the internal controls. Management enables the directors to meet these responsibilities. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

The directors have reviewed the group's budget and cash flow forecasts. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and have continued to adopt the going-concern basis in preparing the financial statements.

The annual financial statements were approved by the board of directors and were signed on its behalf by:

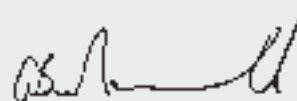


TT Mboweni

Chairman

Sandton

22 November 2010



AB Marshall

Chief executive officer

Independent auditor's report

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 statement of financial position as at 30 September 2010, and the consolidated and separate statement of comprehensive income, changes in equity and cash flows 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 78 to 86 and pages 94 to 191.

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 2010, 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

Buildings 1 and 2, Deloitte Place
 The Woodlands Office Park, Woodlands Drive
 Sandton

22 November 2010

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

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

B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu.

Audit committee report

The audit committee presents its report for the financial year ended 30 September 2010. A charter adopted by the committee sets out its functions and responsibilities.

The committee has discharged all its responsibilities and carried out all its functions as contained in the charter. In particular, the committee:

- ▶ reviewed the interim and annual financial statements and recommended them for adoption by the board;
- ▶ approved the internal audit charter and audit plans;
- ▶ received and reviewed reports from both the internal and external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the board;
- ▶ reviewed the independence of the external auditors, Deloitte & Touche, and recommended them for re-appointment at the annual general meeting as auditors for the 2011 financial year, with Mr Andrew Mackie as the designated auditor;
- ▶ determined the fees to be paid to the external auditors and their terms of engagement;
- ▶ determined the nature and extent of non-audit services which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors;
- ▶ reviewed and approved a recommendation by management of the company to outsource the internal audit function to Ernst & Young from 1 January 2011, subject to the conclusion of acceptable contractual arrangements; and
- ▶ received and dealt appropriately with any complaints, from within or outside the company, relating to the accounting practices and internal audit of the company, to the content or auditing of its financial statements, or any related matter.

During the course of the year the membership of the audit committee comprised solely independent non-executive directors. Details of membership of the committee can be found on page 68. The group chairman, chief executive officer, chief financial officer, group head of internal audit and external auditors all attend meetings of the committee by invitation.

As required by the JSE Limited Listings Requirements, the committee satisfied itself that the chief financial officer, Mr Gareth Griffiths, has appropriate expertise and experience.

The audit committee charter provides for confidential meetings between the committee members and the external auditors. The internal and external auditors have unrestricted access to the committee.

The committee has evaluated the annual report for the year ended 30 September 2010 and considers that it complies in all material respects with the requirements of the Companies Act of South Africa as amended, and International Financial Reporting Standards.

On behalf of the audit committee

Roy Smither

Chairman of the audit committee

22 November 2010

Directors' report

for the year ended 30 September 2010

NATURE OF BUSINESS

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

It produces packaging products from metal, 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.

ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. The principal accounting policies have been applied consistently with the previous year other than IAS 1 *Presentation of Financial Statements* and IFRS 8 *Operating segments*.

BORROWING FACILITIES

Group gross borrowings at 30 September 2010 amount to R2 460.3 million (2009: R3 926.9 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 12 to 24 to 100 to 191.

CORPORATE ACTIVITY

In line with the group's stated strategy to fix, close or sell underperforming businesses, a number have been sold or closed:

- ▶ The Durban and Cape Town operations of Redibox were sold to their respective management and the other operations were closed;
- ▶ Disaki Cores and Tubes (Pty) Limited was sold to Transpaco Limited with effect from 1 November 2010. All conditions precedent to the sale transaction, including approval by the Competition Commission, have been fulfilled.
- ▶ The Containers business of Nampak Tubes and Tubs, which manufactured and marketed wide-mouth injection-moulded plastic containers, was sold as a going concern to Pailpac (Pty) Limited;
- ▶ The Laminated and Coated Products business (L & CP) has been sold as a going concern to Afripak (Pty) Limited subject to the fulfilment of certain conditions precedent, including approval by the Competition Commission;
- ▶ The 55% shareholding in Cartonagens de Moçambique was sold to Mopac, the other shareholder; and
- ▶ Properties, surplus to the group's requirements were sold during the year.

Subsequent to 30 September 2010, an agreement was concluded with the Michael Grace Trust in terms whereby Nampak Products Limited sold its shares in and certain claims against Interpak Books (Pty) Limited, subject to the fulfilment of certain conditions.

Angolata Lda, in which Nampak Products Limited has a shareholding of 70%, was incorporated in Angola on 24 August 2010 with a total issued share capital of 4 580 650 Kwanzas. The company was formed for the purpose of manufacturing and marketing metal beverage cans.

With effect from 1 October 2010, Nampak Plastics Europe Limited acquired the total issued share capital of FourFourTwo Limited. Both companies specialise in the manufacture of high density polyethylene (HDPE) milk and juice bottles which they supply to dairy processors and juice manufacturers in the United Kingdom and Northern Ireland.

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 2009	659 264 090
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme	1 335 100
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan ("PSP")	163 677
Ordinary shares allotted to a director in terms of the PSP	14 792
Issued at 30 September 2010	660 777 659

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

The 31 857 195 preferred ordinary shares of 5 cents each, will convert to ordinary shares on the earlier of 31 January 2011 or the date on which Red Coral Investments 23 (Pty) 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 preferred ordinary shares agreement between Red Coral and its financiers. On the assumption that the preferred ordinary shares will convert to ordinary shares on 31 January 2011, these shares will be listed on the JSE Limited with effect from that date.

SHARE PLANS

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

A total of 1 335 100 ordinary shares of 5 cents each were allotted during the year consequent upon the exercise of share options.

The relevant particulars of the Option Scheme, which was closed to future allocations in 2006, are set out below:

	Ordinary shares	
	2010	2009
Balance at the commencement of the financial year	5 669 400	7 084 600
Options exercised during the year	(1 335 100)	(952 200)
Options forfeited	(15 000)	(463 000)
Balance at the end of the financial year	4 319 300	5 669 400
These options are exercisable over periods between 1 October 2010 and 1 December 2014 at an average price of 1 248 cents per share:		
Directors*	105 000	1 205 000
Other employees and retirees	4 214 300	4 464 400
Total	4 319 300	5 669 400
Number of participants	63	78

*Please refer to page 99 of the Directors' Report for details of directors' share options.

Directors' report continued

for the year ended 30 September 2010

The Nampak Limited Performance Share Plan and the Nampak Limited Share Appreciation Plan

At the annual general meeting of the company held on 3 February 2010, shareholders approved the adoption of the Nampak Limited Performance Share Plan 2009 ("PSP 2009") in replacement of the Nampak Limited Performance Share Plan ("PSP"). Also adopted, was the Nampak Limited Share Appreciation Plan 2009 ("SAP 2009") in replacement of the Nampak Limited Share Appreciation Plan ("SAP"). No further allocations of awards have been made in terms of the PSP and the SAP since the adoption of the new share plans referred to above.

Details of the share plans are included in the remuneration report appearing on pages 80 to 83.

The tables below show the number of shares under award and the maximum number of shares which may be delivered. However, the exact number of shares which will be delivered to participants will depend on the extent to which performance conditions have been satisfied and, consequently, may be less than the number stated below:

The Nampak Limited Performance Share Plan

	PSP rights	
	2010	2009
Balance at the commencement of the financial year	2 560 007	2 352 434
Number of conditional shares awarded during the year:		
Executive directors	414 948	607 266
Senior executives	276 118	1 233 617
Forfeitures/cancellations	—	(778 718)
Retirements	(103 390)	(161 348)
PSP rights forfeited due to under achievement of performance criteria	—	(558 094)
PSP rights exercised	(172 982)	(135 150)
Balance at the end of the financial year	2 974 701	2 560 007
Number of participants	16	16

The Nampak Limited Share Appreciation Plan

	SAP rights	
	2010	2009
Balance at the commencement of the financial year	6 527 812	5 362 088
Number of conditional shares awarded during the year:		
Executive directors	315 248	281 158
Senior employees	324 067	2 814 060
Forfeitures/cancellations	(187 667)	(516 276)
Retirements	(35 597)	(305 687)
SAP rights forfeited due to under achievement of performance criteria	—	(1 107 531)
Balance at the end of the financial year	6 943 863	6 527 812
Number of participants	205	215

The Nampak Limited Performance Share Plan 2009

	PSP 2009 rights	
	2010	2009
Balance at the commencement of the financial year	—	—
Number of conditional shares awarded during the year:		
Executive director	150 000	—
Balance at the end of the financial year	150 000	—
Number of participants	1	—

The Nampak Limited Deferred Bonus Plan 2009 ("DBP 2009")

The Nampak Limited Deferred Bonus Plan 2009 was adopted by shareholders at the annual general meeting held on 3 February 2010. Selected employees are able to apply up to a maximum of 50% of their after tax annual bonus to purchase bonus shares. Employees will receive a matching award, which is a conditional right to receive shares equal in value to the bonus shares held as at the respective vesting dates on a 1:1 basis. Vesting of the matching award is dependent upon continued employment and is not subject to the satisfaction of performance targets.

The Deferred Bonus Plan 2009 may be summarised as follows:

	2010	2009
Number of bonus shares purchased by employees during the year:		
Executive directors	30 685	—
Senior executives	123 488	—
Balance at the end of the financial year	154 173	—
Number of participants	18	—

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 2010 is summarised below:

Balance at the commencement of the financial year	26 138 365
Less: Awards granted in terms of the PSP during the current financial year	(691 066)
Less: Awards granted in terms of the SAP during the current financial year	(639 315)
Less: Awards granted in terms of the PSP 2009 during the current financial year	(150 000)
Add: Options forfeited during the current financial year	15 000
Add: Awards forfeited in terms of the PSP during the current financial year	103 390
Add: Awards forfeited/retirements in terms of the SAP during the current financial year	223 264
Maximum available for future allocation	24 999 638

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.

Directors' report continued

for the year ended 30 September 2010

It should be noted that, in terms of clause 12.2 of the trust deeds of both the PSP and the SAP, the number of ordinary shares which may be acquired by participants under the plans between the dates of the first awards and the fifth anniversary of the first awards, shall not exceed 2.4548% in aggregate of the company's issued ordinary share capital as at 24 January 2006, or 16 million ordinary shares.

Please refer to note 22 of the annual financial statements for further particulars of these plans.

DIVIDENDS

Details of dividends paid, dealt with in the financial statements, are shown below:

Class of share	Dividend number	Cents per share	Declaration date	Last day to trade	Payment date
6% cumulative preference	82	6.00	23/11/2009	22/01/2010	01/02/2010
	83	6.00	24/06/2010	23/07/2010	02/08/2010
6.5% cumulative preference	82	6.50	23/11/2009	22/01/2010	01/02/2010
	83	6.50	24/06/2010	23/07/2010	02/08/2010
Preferred ordinary	9	50.0	23/11/2009	n/a	29/01/2010
	10	50.0	27/05/2010	n/a	30/07/2010
Ordinary share	76	25.0	27/05/2010	02/07/2010	12/07/2010
	77	58.0	22/11/2010	07/01/2011	17/01/2011

The important dates pertaining to the payment of ordinary dividend number 77 are as follows:

Last day to trade ordinary shares "cum" dividend	Friday 7 January 2011
Ordinary shares trade "ex" dividend	Monday 10 January 2011
Record date	Friday 14 January 2011
Payment date	Monday 17 January 2011

Ordinary share certificates may not be dematerialised or re-materialised between Monday 10 January 2011 and Friday 14 January 2011, both days inclusive.

DIRECTORS AND SECRETARY

The names of the directors and secretary in office at 30 September 2010 are set out on pages 4 and 5 and on the inside back cover of the annual report.

As previously advised, Messrs ML Ndlovu and KM Mokoape resigned as non-executive directors of the company on 16 October 2009 and 23 October 2009 respectively and Mrs DC Moephuli was appointed a non-executive director of the company on 23 November 2009. Mrs Moephuli does not have a service contract as a non-executive director.

Mr T Evans retired as a non-executive director and chairman of the company on 31 May 2010 and Mr TT Mboweni was appointed an independent, non-executive director and chairman of the company on 1 June 2010. Mr Mboweni does not have a service contract as a non-executive director and in terms of the articles of association of the company, confirmation of his appointment as an independent, non-executive director of the company will be sought at the forthcoming annual general meeting.

Mr MH Visser resigned as a non-executive director on 5 August 2010.

Mrs CWN Molope and Messrs RC Andersen and PM Madi 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. Mrs Molope and Messrs Andersen and Madi do not have service contracts as non-executive directors.

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 2010 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2010	2009	2010	Option prices (cents)	Date of grant	2009
Beneficial interests						
Executive						
G Griffiths	1 800	—	—	—	—	—
AB Marshall	23 330	—	—	—	—	—
FV Tshiqi	15 049	—	40 000	1 326	25/07/02	40 000
			25 000	1 234	27/11/03	25 000
			40 000	1 495	01/12/04	40 000
Non-executive						
RC Andersen	31 000	—	—	—	—	—
RV Smither	8 190	8 190	—	—	—	—
Non-beneficial interests	11	13				

*In terms of the Option Scheme.

The following non-executive directors had an indirect beneficial shareholding in the preferred ordinary share capital of the company as at 30 September 2010:

Name of director	2010	2009
RJ Khoza	3 780 214	3 780 214
CWN Molohe	318 891	318 891

LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Nampak are aware) which may have a material effect on the financial position of the group.

GOING CONCERN

The directors believe that the company and the group will be going concerns for the foreseeable future.

SPECIAL RESOLUTIONS

No special resolutions were passed by shareholders of the subsidiary companies during the year under review.

RETIREMENT FUNDS

Details of retirement funds are reflected in note 17 to the annual financial statements.

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Details of the company's significant subsidiaries, joint ventures and associates are given in Annexure A on pages 188 to 190.

Group statement of financial position

at 30 September 2010

	Notes	2010 R million	2009 R million
ASSETS			
Non-current assets			
Property, plant and equipment	3	6 197.8	6 389.5
Investment property	3	2.1	3.4
Goodwill	4	252.9	287.9
Other intangible assets	5	48.2	101.5
Investments in associates	6	23.8	19.8
Other non-current financial assets	8	385.1	379.3
Deferred tax assets	9	46.9	200.9
		6 956.8	7 382.3
Current assets			
Inventories	10	2 272.6	2 643.8
Trade receivables and other current assets	11	2 697.3	2 864.3
Tax assets		77.2	11.0
Bank balances, deposits and cash	12	718.6	1 016.1
		5 765.7	6 535.2
Assets classified as held for sale	13	202.6	174.9
Total assets		12 925.1	14 092.4
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	35.7	35.6
Capital reserves	14	(543.4)	(611.6)
Other reserves	14	(755.2)	(383.3)
Retained earnings	14	6 603.7	6 064.3
Shareholders' equity		5 340.8	5 105.0
Non-controlling interest	14	27.5	24.5
Total equity		5 368.3	5 129.5
Non-current liabilities			
Loans and borrowings	15	1 631.0	2 121.5
Other non-current liabilities	16	15.8	36.5
Retirement benefit obligation	17	1 404.5	1 246.2
Deferred tax liabilities	9	286.9	293.1
		3 338.2	3 697.3
Current liabilities			
Trade payables and other current liabilities	18	3 004.5	3 191.1
Bank overdrafts and loans	15	829.3	1 805.4
Provisions	19	131.2	115.9
Tax liabilities		175.2	73.1
		4 140.2	5 185.5
Liabilities directly associated with assets classified as held for sale	13	78.4	80.1
Total equity and liabilities		12 925.1	14 092.4

Group statement of comprehensive income

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Revenue	20	18 545.5	19 585.6
Raw materials and consumables used		9 193.2	10 138.3
Employee benefit expense		3 814.1	3 994.2
Depreciation and amortisation expense		709.1	811.3
Other operating expenses		3 715.8	4 261.1
Other operating income		230.4	214.5
Operating profit	21	1 343.7	595.2
Finance costs	23	260.0	441.7
Finance income	24	57.4	113.8
Income from investments	25	6.0	5.5
Share of profit/(loss) in associates	6	3.6	(0.5)
Profit before tax		1 150.7	272.3
Income tax expense	26	315.8	70.2
Profit for the year		834.9	202.1
Other comprehensive expenses			
Exchange differences on translation of foreign operations		(234.3)	(426.9)
Net actuarial losses from retirement benefit obligations		(145.2)	(135.3)
Losses on cash flow hedges		(0.4)	(1.7)
Other comprehensive expenses for the year, net of tax		(379.9)	(563.9)
Total comprehensive income/(expense) for the year		455.0	(361.8)
Profit attributable to:			
Owners of Nampak Limited		825.9	204.8
Non-controlling interest in subsidiaries		9.0	(2.7)
		834.9	202.1
Total comprehensive income/(expense) attributable to:			
Owners of Nampak Limited		450.1	(352.9)
Non-controlling interest in subsidiaries		4.9	(8.9)
		455.0	(361.8)
Earnings per share			
Basic (cents per share)	28	140.5	34.9
Diluted (cents per share)	28	138.9	37.8

Group statement of changes in equity

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Opening balance		5 129.5	5 991.9
Net shares issued during the year		19.5	13.7
Disposal of treasury shares		0.3	—
Share of movement in associate's non-distributable reserve		(1.0)	—
Release of reserves relating to subsidiary disposed		0.5	—
Share-based payment expense		54.3	17.2
Share grants exercised		(3.4)	(2.7)
Transfer from hedging reserve to related assets		2.2	—
Gain on available-for-sale financial assets		0.6	—
Total comprehensive income/(expense) for the year		455.0	(361.8)
Dividends paid		(289.2)	(1.7)
Capital distributions from share premium		—	(527.1)
Closing balance		5 368.3	5 129.5
Comprising:			
Share capital	14	35.7	35.6
Capital reserves	14	(543.4)	(611.6)
Share premium		265.8	246.4
Treasury shares		(1 149.7)	(1 150.0)
Share-based payments reserve		340.5	292.0
Other reserves	14	(755.2)	(383.3)
Foreign currency translation reserve		(203.4)	24.7
Hyperinflation capital adjustment		(24.3)	(24.3)
Financial instruments hedging reserve		(0.1)	(1.9)
Recognised actuarial losses		(491.6)	(346.4)
Share of non-distributable reserves in associates		2.3	3.3
Available-for-sale financial assets revaluation reserve		(38.3)	(38.9)
Other		0.2	0.2
Retained earnings	14	6 603.7	6 064.3
Shareholders' equity		5 340.8	5 105.0
Non-controlling interest	14	27.5	24.5
Total equity		5 368.3	5 129.5

Group statement of cash flows

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Cash flows from operating activities			
Cash receipts from customers		18 666.0	19 449.8
Cash paid to suppliers and employees		(16 157.1)	(17 229.8)
Cash generated from operations	34.1	2 508.9	2 220.0
Income from investments		6.0	5.5
Interest received		59.3	113.8
Interest paid		(321.2)	(477.7)
Retirement benefits, contributions and settlements		(48.3)	(51.8)
Income tax paid		(93.3)	(416.4)
Replacement capital expenditure		(245.3)	(466.4)
Cash flows from operations		1 866.1	927.0
Dividends paid		(289.2)	(1.7)
Cash distributions paid		—	(527.1)
Cash retained from operating activities		1 576.9	398.2
Cash flows from investing activities			
Expansion capital expenditure		(529.9)	(653.5)
Capitalised expenditure on group ERP systems and other intangible assets		(10.5)	(9.4)
Proceeds on the sale of property, plant and equipment		105.5	34.2
Acquisition of business	34.2	—	(42.2)
Proceeds on the disposal of business	34.3	16.3	37.8
Increase in non-current financial assets and investments		(9.6)	(72.3)
Cash utilised in investing activities		(428.2)	(705.4)
Cash flows from financing activities			
Non-current borrowings raised		12.2	594.2
Non-current borrowings repaid		(166.3)	(229.2)
Net current borrowings repaid	34.4	(473.8)	(830.0)
Net settlement of commercial paper and short-term loans	34.4	(633.0)	(8.0)
Capital proceeds from issue of shares		19.5	13.7
Cash utilised in financing activities		(1 241.4)	(459.3)
Net decrease in cash and cash equivalents		(92.7)	(766.5)
Cash and cash equivalents at beginning of year		397.9	1 221.7
Translation of cash in foreign subsidiaries		(42.1)	(57.3)
Cash and cash equivalents at end of year	34.5	263.1	397.9

Accounting policies

for the year ended 30 September 2010

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner as required by the Companies Act of South Africa.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are stated at fair value.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

► Estimates of asset lives, residual lives and depreciation methods

Property, plant and equipment are depreciated over their useful 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.

► Post employment benefits valuations

Actuarial valuations of employee benefit obligations under defined benefit funds are based on assumptions which include employee turnover, mortality rates, discount rates, inflation rates, medical inflation, the expected long-term return on plan assets and the rate of compensation increases.

► Consolidation of special purpose entities

Certain special purpose entities established as part of the black economic empowerment transaction have been consolidated as part of the group results. The group does not have any direct or indirect shareholding in these entities, but the substance of the relationship between the group and these entities was assessed and judgement was made that these are controlled entities.

► Impairment tests of assets and intangibles

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Goodwill is tested for impairment annually. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value, and if lower the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

► Valuation of share-based payments

The group has various share schemes, including the schemes established as part of the BEE transaction. The fair value of these schemes is determined at inception based on assumptions on estimated forfeitures, market conditions, discount rates and share price volatility. The market conditions at inception may differ significantly to the eventual outcome.

► Valuation of financial instruments

Financial instruments are valued at the reporting date. The value of financial instruments can have material fluctuations and therefore disclosed amounts may differ from the realised value.

► Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimate based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates, and competitive forces.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and subsidiaries (including special purposes entities) where the group demonstrates it controls the entities. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The results of subsidiaries, associate companies and joint ventures acquired or disposed of during the year are included in the consolidated financial statements from the effective dates of acquisition or up to the effective date of disposal, as appropriate.

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity. Non-controlling interests consist of the amount of the non-controlling shareholders' interests at the date of the original business combination and their share of changes in equity since the date of the combination..

4. BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of the exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the

business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

5. INVESTMENTS IN ASSOCIATES

Associates are those companies in which the group holds a long-term equity interest and is in a position to exercise significant influence, but not control, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised.

Any excess of the cost of the acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Accounting policies continued

for the year ended 30 September 2010

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

6. INTEREST IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The group's share of the assets, liabilities, results and cash flow information of jointly controlled entities is included in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset, when it is recognised immediately.

7. GOODWILL

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of the acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable

amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata of the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable goodwill is included in the determination of the profit or loss on disposal.

8. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying 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 has been sold or is part of a single co-ordinated plan to be disposed of.

9. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes. Revenue is measured net of cash discounts, settlement discounts and rebates given to customers.

Sales of goods are recognised when goods are delivered and title has passed. Revenue on services is recognised when the service has been performed.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease.

10. GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. Grants that compensate the group for expenses incurred are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants that compensate the group for the cost of an asset are recognised as deferred income and then recognised in profit or loss on a systematic basis over the useful life of the asset.

11. LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the present value of all minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the group's net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition or, if lower, the present value of minimum lease payments at inception of the lease less accumulated depreciation. The discount rate to be used in calculating the present value is the interest rate implicit to the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance for each accounting period.

Rentals payable under operating leases are charged to profit or loss on the straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

12. FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African rand, which is the functional currency of the group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and retranslation of monetary items are included in the profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period. However, where fair

Accounting policies continued

for the year ended 30 September 2010

value adjustments of non-monetary items are recognised directly in equity, exchange differences arising on the retranslation of these non-monetary items are also recognised in equity.

In order to hedge its exposure to certain foreign exchange risks, the group enters into derivative financial instruments. Further details are provided in the accounting policy relating to financial instruments.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in South African rand using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Equity is translated at the rate ruling on the date of acquisition. Exchange differences arising are classified as equity and transferred to the foreign currency translation reserve. Exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity on consolidation. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of.

The income and expenses of foreign operations in hyper-inflationary economies are translated into US dollars at the exchange rate relevant at the reporting date. Prior to translating their financial statements, the financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the reporting date.

13. EMPLOYEE BENEFITS

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

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered, such as paid vacation and sick leave, bonuses, and non-monetary benefits

such as medical care and housing), are recognised in the period in which the service is rendered and are not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be measured reliably.

Post-employment benefits

The group operates a number of defined contribution and defined benefit funds in compliance with relevant local legislation. The assets of the funds are held separately from those of the group and are administered either by trustees, which include elected employee representatives, or in some cases, by independent experts.

The group does not provide post-retirement medical benefits for employees who joined the company after 1 June 1996. The obligation in respect of medical benefits to employees and pensioners employed before that date is treated as defined benefit plans.

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement plan.

For defined benefit plans the cost of providing the benefits is determined using the Projected Unit Credit Method. Actuarial valuations are conducted on a triennial basis with interim valuations performed on an annual basis. Consideration is given to any event that could impact the funds up to the reporting date where interim valuations are performed at an earlier date.

Actuarial gains and losses recognised outside profit or loss are presented in the statement of comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset or surplus is limited to the present value of available refunds and reductions in future contributions to the plan. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Termination benefits

Termination benefits are recognised as a liability and an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before normal retirement date. Termination benefits for voluntary redundancies are recognised if the group has made an offer encouraging voluntary redundancies, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Share-based payments

The group issues equity-settled share-based payments to certain employees. The Black Managers Trust (BMT) issues equity-settled shares to certain employees, however, in the event of death or disability of an employee the settlement will be done in cash rather than equity, this component is therefore treated as cash settled. The Share Appreciation Plan (SAP), Performance Share Plan (PSP) and Nampak 1985 Share Option Scheme (The Option Scheme) are all treated as equity settled schemes. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market vesting conditions, at the date of grant. The fair value at the grant date of the BMT equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest, excluding the effect of non-market vesting conditions. The expense for the SAP and PSP plans is recognised proportionately so that after the third year of the grant a participant will be entitled to a third of the shares, after the fourth year another third so that after five years the participant will be entitled to receive full rights under the plan.

Fair value is measured using various models as disclosed in the share based payment note. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of estimated forfeitures, exercise restrictions and behavioural considerations.

Grants issued to employees of subsidiaries are treated as equity-settled share-based payments, with the subsidiaries recognising a corresponding increase in equity as a contribution from parent. In the company annual financial statements, this contribution is treated as an investment in subsidiaries.

14. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no

Accounting policies continued

for the year ended 30 September 2010

longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

15. PROPERTY, PLANT AND EQUIPMENT

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

All costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and for qualifying assets, borrowing costs in accordance with the group's accounting policy are included in the carrying value of the asset. Costs also include an estimate of costs of dismantling and removing the item and restoring the site on which it is located. When parts of an item of property, plant and equipment have different useful lives or residual values, they are accounted for as separate items (major components).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method. Depreciation is not provided in respect of land.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The average rates of depreciation used are:

Freehold buildings	10 to 50 years
Leasehold buildings	Shorter of asset life or the lease term
Plant and equipment	2 to 20 years
Furniture and equipment	4 to 10 years
Motor vehicles	2 to 10 years

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they have changed.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

17. INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any accumulated impairment losses. The average rate of depreciation used is 10 to 50 years.

18. INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT COSTS

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset is recognised only if all of the following conditions are met:

- ▶ an asset is created that can be identified (such as software and new processes);
- ▶ it is probable that the asset created will generate future economic benefits;
- ▶ the development cost of the asset can be measured reliably; and
- ▶ the product or process is technically feasible.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

19. INTANGIBLE ASSETS EXCLUDING GOODWILL

Included in intangible assets are patents, trademarks, capitalised research and development costs, ERP system costs and computer software costs.

Patents and trademarks are measured at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Acquired computer software licenses are capitalised on the basis of the costs incurred to bring to use the specific software.

Costs associated with 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.

20. IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate applied to post-tax cash flows that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

21. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Accounting policies continued

for the year ended 30 September 2010

22. FINANCIAL INSTRUMENTS

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

Trade receivables

Trade receivables are 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 of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned. They are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the group has expressed intention or ability to hold to maturity (held-to-maturity securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Instruments other than held-to-maturity debt securities are classified as available-for-sale financial assets, and are measured at subsequent reporting dates at fair value. Unrealised gains and losses arising from the revaluation of available-for-sale financial assets are recognised directly in equity.

On disposal or impairment, cumulative unrealised gains and losses previously recognised are included in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is charged to the statement of comprehensive income. An impairment loss is measured as the difference between the investment's carrying value and the present value of future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and form an integral part of the daily cash management are also included in cash and cash equivalents.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity 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 to the financial risks of changes in foreign exchange rates, interest rates and commodity prices.

The group uses derivative financial instruments, primarily foreign currency forward contracts, commodity futures and interest rate derivatives to hedge its risks associated with foreign currency and market fluctuations relating to certain

firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the derivative is designated and effective as a hedging instrument.

The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

Fair value hedges

Changes in the fair value of derivatives that are designated as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gain or loss on the derivative that had previously been recognised in equity is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedge item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the foreign currency translation reserve are recognised in profit or loss on disposal of the foreign operation.

Embedded derivatives

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses in profit or loss.

23. PROVISIONS

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

24. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports that are regularly reviewed by the group's chief operating decision maker in order to allocate resources to the segment and assess the segment's performance.

The basis of segmental allocation is determined as follows:

Revenue that can be directly attributed to a segment and the relevant portion of revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the group.

Trading profit 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

Accounting policies continued

for the year ended 30 September 2010

profits that arise at a group level and relate to the group as a whole.

Segment assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude tax assets, deferred tax assets, bank balances, deposits and cash.

Segment liabilities are those liabilities that result from the operating activities of a segment and that are either directly attributed to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude loans, borrowings and overdrafts, tax liabilities, deferred tax liabilities and the retirement benefit obligation.

Geographical information for revenues to external customers and non-current assets are disclosed for the top five and top four countries respectively, with other countries grouped into rest of the world.

25. FINANCIAL GUARANTEES

The group regards financial guarantee contracts as insurance contracts and has used accounting applicable to insurance contracts. Liabilities in terms of the financial guarantees are only recognised when it is probable that economic benefits will flow from the group.

26. OFFSET

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off and there is either an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

The following standards and amendments to existing standards were effective for the current financial year, and impacted presentation and disclosure in the financial statements only:

► IFRS 7 *Financial instruments: disclosures (amendments)*

The amendments to the standard enhance the disclosures required in respect of fair value measurements and liquidity risk.

► IFRS 8 *Operating segments (new)*

The standard required a redesignation of the group's reportable segments. The information reported is that which management uses internally for evaluating segment performance and for allocation of resources after applying the aggregation criteria.

► IAS 1 *Presentation of financial statements (amendments)*

The amendments involved terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

At the date of authorisation of these financial statements, the following standards, amendments to existing standards and interpretations were in issue but not yet effective for the current year and have not been early adopted:

► IFRS 1 *First-time adoption of International Financial Reporting Standards (amendments)*

The amendments provide additional exemptions for first-time adopters of International Financial Reporting Standards and provides limited exemption from comparative IFRS 7 disclosure requirements.

► IFRS 2 *Share-based payment (amendment)*

The amendment clarifies the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group or shareholder has the obligation to settle the award.

► IFRS 9 *Financial instruments: classification and measurement (new)*

The standard specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

► IAS 24 *Related party disclosure (amendments)*

The amendments clarify the definition of a related party and simplify the disclosure requirements for government-related entities.

► **IAS 32 *Financial instruments: presentation* (amendment)**

The amendment deals with the classification of certain instruments (offered pro rata to all existing owners of the same class of non-derivative equity instruments) giving the right to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency.

► **IFRIC 19 *Transfers of assets from customers***

The interpretation addresses the accounting treatment by recipients for transfers of property, plant and equipment from customers with which the recipient must connect the customer to a network or provide goods or services.

► **Improvements to IFRS (2009)**

In addition to the new standard, revisions and amendments to existing standards described above, several minor amendments to standards that were issued in June 2009 are effective for annual periods beginning on 1 October 2010.

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the results, financial position and cash flows of the group.

The following amendments/revisions to existing standards and interpretations were effective for the current financial year, but had no impact on these financial statements:

- IFRS 2 *Share based payments* (amendments)
- IFRS 3 *Business combinations* (revision)
- IFRS 5 *Non-current assets held for sale and discontinued operations* (amendment)
- IAS 10 *Events after the reporting period* (amendment)
- IAS 23 *Borrowing costs* (amendment)
- IAS 27 *Consolidated and Separate Financial Statements* (amendment)
- IAS 32 *Financial instruments: presentation* (amendment)
- IAS 39 *Financial instruments: recognition and measurement* (amendments)
- IFRIC 17 *Distribution of non-cash assets to owners*
- IFRIC 18 *Transfers of assets from customers*
- *Improvements to IFRSs (2008 and 2009)*

28. COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year. Details of these restatements have been included in the relevant notes to the annual financial statements.

Notes to the group financial statements

for the year ended 30 September 2010

1. FINANCIAL RISK MANAGEMENT

Capital risk management

The group manages its capital to ensure that entities in the group and the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to shareholders.

In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or buy back shares or sell assets to reduce debt.

The group monitors capital based on its gearing ratio and net debt to EBITDA ratio. These ratios are calculated as net debt divided by total capital and EBITDA respectively.

Financial risk management objectives

The group's corporate treasury provides services to the business, 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 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. Interest rate hedging activities are reviewed regularly to ensure compliance with acceptable risk tolerance levels.

The rand, pound, euro and naira risks are mainly managed on a floating rate basis using derivative instruments, where appropriate, to limit the effects of adverse movements in rates.

1. FINANCIAL RISK MANAGEMENT *(continued)*

The following interest rate derivatives were in place during the year:

	Start date	End date	Interest rate % nacq	Notional amount		Fair value (liability)/asset	
				2010 R million	2009 R million	2010 R million	2009 R million
Enhanced collar ¹	24/01/2006	01/02/2010	Floor 6.95 Cap 7.97	—	200.0	—	—
Interest rate swaption ¹	01/02/2010	01/02/2011	7.20	200.0	200.0	(1.3)	(0.1)
Enhanced collar ²	16/05/2007	02/07/2010	Floor 8.20 Cap 9.15	—	300.0	—	(2.2)
Interest rate swaption ²	02/07/2010	02/07/2012	7.70	300.0	300.0	(8.2)	0.2
Collar	08/12/2009	12/10/2012	Floor 7.08 Cap 11.73	375.0	—	(7.5)	—
Collar	08/12/2009	12/10/2012	Floor 7.08 Cap 11.85	300.0	—	(6.0)	—
Interest rate swap ³	30/06/2006	30/06/2010	8.82	—	250.0	—	(2.9)
Interest rate swaption ³	30/06/2010	30/06/2011	8.50	500.0	500.0	(9.2)	(4.7)
						(32.2)	(9.7)

¹The counterparty exercised the right to put Nampak into a fixed rate of 7.2% nacq for a year.

²On the day the collar ended the counterparty exercised the right to enter into a two year interest rate swap with Nampak at 7.7% nacq.

³The counterparty exercised the right to extend the swap at a rate of 8.5 nacq and for an amount of 500 for a year.

Interest rate swap contracts

Under interest rate swap contracts, the group and company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group and company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the year-end is determined by discounting the future cash flows using year-end curves and the credit risk inherent in the contract.

A swaption is a contract that gives the buyer of the contract the right, but not the obligation, to enter into a swap contract at a prespecified rate for a predetermined time period.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7 *Financial instruments: disclosures*.

Notes to the group financial statements continued

for the year ended 30 September 2010

1. FINANCIAL RISK MANAGEMENT (continued)

The risk profile of interest-bearing financial assets and liabilities at 30 September:

	Floating rate liabilities R million	Fixed rate liabilities R million	Floating rate assets R million	Fixed rate assets R million	Net liability/ (asset) R million
South African rand	1 955.1	248.6 ¹	(446.0)	—	1 757.7
UK pound	127.8	—	(454.9)	—	(327.1)
Euro	87.9	—	(74.8)	—	13.1
Nigerian naira	31.5	—	(40.7)	—	(9.2)
Other currencies	9.4	—	(36.3)	—	(26.9)
Total at 30 September 2010	2 211.7	248.6	(1 052.7)	—	1 407.6
South African rand	2 188.5	1 390.4 ¹	(403.0)	(489.5) ²	2 686.4
UK pound	72.9	—	(297.9)	—	(225.0)
Euro	215.7	—	(88.0)	—	127.7
Nigerian naira	49.7	—	(41.0)	—	8.7
Other currencies	9.7	—	(25.6)	—	(15.9)
Total at 30 September 2009	2 536.5	1 390.4	(855.5)	(489.5)	2 581.9

¹These liabilities relate to Red Coral Investments 23 (Pty) Limited in the current and prior years. In the prior year the liabilities also included the short-term loans and commercial paper.

²These assets relate to short-term call deposits.

1. FINANCIAL RISK MANAGEMENT (continued)

Weighted average interest rates are as follows:	2010		2009	
	Bank balances	Borrowings	Bank balances	Borrowings
South African rand	6.4%	9.0%	9.6%	11.5%
UK pound	0.4%	1.3%	1.0%	2.5%
Euro	0.9%	1.3%	1.5%	3.0%
US dollar	0.1%	1.0%	0.3%	2.8%
Nigerian naira	1.0%	15.1%	2.0%	17.7%

Sensitivity analysis

If the market interest rates had been 100 basis points higher/lower at 30 September 2010, profit or loss would have been R22.1 million (2009: R25.3 million) lower/higher.

The amount of R22.1 million (2009: R25.3 million) is calculated based on the assumption that the daily average weighted cost of borrowings was higher/lower by 100 basis points throughout the year and such rate was applied to the borrowings as at year-end. This would not necessarily equate to the actual profit or loss as year-end borrowings do not reflect actual borrowings throughout the year.

Liquidity risk management

Liquidity risk is the possibility that the group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

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 2010				
One year	2 997.6	91.8	34.9	3 124.3
Two to five years	—	241.6	—	241.6
Total	2 997.6	333.4	34.9	3 365.9
Expiry period at 30 September 2009				
One year	1 893.5	—	—	1 893.5
Two to five years	—	145.6	—	145.6
Total	1 893.5	145.6	—	2 039.1

Notes to the group financial statements continued

for the year ended 30 September 2010

1. FINANCIAL RISK MANAGEMENT (continued)

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 September was as follows:

At 30 September 2010	Notes	Carrying value R million	Current R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	Over 4 years R million
Financial assets							
Non-current financial assets	8	385.1	—	31.9	25.6	17.6	310.0
Trade receivables and other current assets*	11	2 608.9	2 608.9	—	—	—	—
Bank balances, deposits and cash	12	718.6	718.6	—	—	—	—
Assets classified as held for sale	13	82.4	82.4	—	—	—	—
Total		3 795.0	3 409.9	31.9	25.6	17.6	310.0
Financial liabilities							
Non-current loans and borrowings	15	1 631.0	—	16.5	1 009.0	2.9	602.6
Trade payables and other current liabilities	18	3 004.5	3 004.5	—	—	—	—
Bank overdrafts and loans	15	829.3	829.3	—	—	—	—
Liabilities associated with assets held for sale	13	78.4	78.4	—	—	—	—
Total		5 543.2	3 912.2	16.5	1 009.0	2.9	602.6
At 30 September 2009							
Financial assets							
Non-current financial assets	8	379.3	—	16.1	14.8	11.5	336.9
Trade receivables and other current assets*	11	2 748.1	2 748.1	—	—	—	—
Bank balances, deposits and cash	12	1 016.1	1 016.1	—	—	—	—
Assets classified as held for sale	13	75.2	75.2	—	—	—	—
Total		4 218.7	3 839.4	16.1	14.8	11.5	336.9
Financial liabilities							
Non-current loans and borrowings	15	2 121.5	—	498.1	26.2	1 004.5	592.7
Trade payables and other current liabilities	18	3 191.1	3 191.1	—	—	—	—
Bank overdrafts and loans	15	1 805.4	1 805.4	—	—	—	—
Liabilities associated with assets held for sale	13	78.0	78.0	—	—	—	—
Total		7 196.0	5 074.5	498.1	26.2	1 004.5	592.7

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

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 economically hedged. Net currency exposures and hedging positions are centrally controlled and managed for South African operations. The currency exposure of the group's European operations is centrally controlled and managed through the United Kingdom. Speculative positions are not permitted.

The group uses forward contracts in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. In South Africa, all large capital commitments where the forward exchange component is more than R30 million, are required to be designated as a cash flow hedge. These hedges are tested for hedge effectiveness on a regular basis. In the current year a loss on the fair value of FEC contracts amounting to R0.4 million (2009: R1.7 million loss) was recognised in other comprehensive income. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets. During the year there was a R2.2 million adjustment (2009: R nil) against the cost of assets.

Currency conversion guide at 30 September	2010	2009
Statement of comprehensive income (average)		
UK pound	11.64	13.94
Euro	10.13	12.19
US dollar	7.47	9.04
Statement of financial position (spot)		
UK pound	10.98	12.03
Euro	9.51	10.99
US dollar	6.98	7.51

Sensitivity analysis

The primary currency risk relates to movements in the exchange rates with the US dollar, UK pound and euro.

If the exchange rates with these currencies had weakened by 5% at 30 September 2010, with all other variables held constant, the impact on profit and loss for the year would have been an increase of R20.8 million (2009: R15.5 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit or loss would decrease by R20.8 million (2009: R15.5 million). A weaker exchange rate against the major currencies would have a positive impact on profit or loss as the group has more receivables denominated in foreign currency than payables.

Notes to the group financial statements continued

for the year ended 30 September 2010

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:

	Average contract rate		Notional amount Net imports		Fair value (liability)/asset	
	2010	2009	2010 R million	2009 R million	2010 R million	2009 R million
Fair value hedges						
<i>US dollars</i>						
Less than 3 months	7.42	8.05	(59.2)	(130.3)	(3.0)	(6.5)
3 to 6 months	7.51	8.17	(15.1)	(7.6)	(1.2)	(0.5)
6 to 9 months	7.61	8.16	(79.1)	(10.1)	(2.7)	(0.4)
Greater than 9 months	7.41	—	(30.6)	—	(0.3)	—
<i>Euros</i>						
Less than 3 months	9.72	11.38	(152.3)	(195.2)	(2.4)	(6.5)
3 to 6 months	9.75	11.58	(96.4)	(87.0)	(1.9)	(1.6)
6 to 9 months	9.85	11.47	(8.9)	(26.5)	—	—
<i>UK pounds</i>						
Less than 3 months	11.10	12.71	(3.8)	(4.5)	—	—
3 to 6 months	12.07	12.69	(0.7)	(9.5)	—	(0.8)
<i>Other</i>						
Less than 3 months	—	—	(2.4)	(12.1)	—	(0.7)
3 to 6 months	—	—	(5.2)	(13.1)	0.1	(0.6)
					(11.4)	(17.6)

Commodity price risk management

Commodity price risk is the risk that the group may suffer financial loss when a fluctuating price contract is entered into and commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. The group uses derivative instruments, including forward agreements and futures, to hedge commodity risk.

	Average contract rate		Notional amount		Fair value (liability)/asset	
	2010 R	2009 R	2010 R million	2009 R million	2010 R million	2009 R million
Aluminium futures						
Less than 3 months	16 758	16 438	(16.4)	(34.6)	(0.4)	(4.7)
3 to 6 months	16 602	16 422	(13.1)	(14.1)	(0.1)	(1.4)
6 to 9 months	16 602	16 600	(4.6)	(2.1)	0.1	(0.2)
					(0.4)	(6.3)

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 R0.4 million higher (2009: R0.2 million higher). Conversely, if commodity prices relevant to the group had been 5% lower and all other variables remained constant, profit for the year would have been R0.4 million lower (2009: R0.2 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 reporting date.

Fair value of financial instruments

The group's financial instruments consist mainly of investments, bank balances, deposits and cash, trade receivables and other financial assets, trade payables and other financial liabilities, interest-bearing borrowings and derivative financial instruments.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Investments – the fair value of investments is based on quoted bid prices, or the present value of expected future cash flows discounted at market-related interest rates.

Bank balances, deposits and cash – the carrying value approximates fair value due to the relatively short-term maturity of these financial assets.

Trade receivables and other financial assets – the fair value of receivables approximates the carrying value as market-related interest rates are charged on outstanding balances.

Trade payables and other financial liabilities – the carrying value approximates fair value due to the relatively short-term maturity of these financial liabilities.

Borrowings – the fair value of long-term borrowings is based on discounted cash flows using the effective-interest rate method. The carrying value of short-term borrowings approximates fair value due to the short period to maturity of these instruments.

Derivative instruments – the fair value of derivative instruments is calculated using mark-to-market valuations.

The fair value of derivative financial instruments raised on the statement of financial position is as follows:

	2010 R million	2009 R million
(Liability)/asset		
Interest rate swaps	(32.2)	(9.7)
Forward exchange contracts	(11.4)	(17.6)
Commodity contracts – aluminum futures	(0.4)	(6.3)
Total	(44.0)	(33.6)
Analysed between:		
Derivative financial assets (note 11)	0.2	1.8
Derivative financial liabilities (note 18)	(44.2)	(35.4)
	(44.0)	(33.6)

Notes to the group financial statements continued

for the year ended 30 September 2010

2. SEGMENTAL REPORT

	External revenue		Internal revenue	
	2010 R million	2009 R million	2010 R million	2009 R million
South Africa	13 292.8	13 357.1	147.7	91.4
Metals and Glass	5 262.3	5 350.3	46.6	36.5
Paper and Flexibles	4 313.2	4 399.2	52.4	50.4
Plastics	2 142.3	2 074.5	10.5	4.4
Tissue	1 575.0	1 533.1	38.2	0.1
Rest of Africa	1 213.4	1 403.3	—	—
Metals	525.4	617.2	—	—
Paper	688.0	786.1	—	—
Europe	4 039.3	4 825.2	—	—
Paper	2 771.3	3 317.3	—	—
Plastics	1 268.0	1 507.9	—	—
Other segments	—	—	307.5	406.8
Eliminations	—	—	(455.2)	(498.2)
Total	18 545.5	19 585.6	—	—

*Operating profit before abnormal items

**EBITDA calculation is before net impairments/(reversals)

Trading profit*		Trading margin		EBITDA**	
2010 R million	2009 R million	2010 %	2009 %	2010 R million	2009 R million
1 137.9	841.2	8.6	6.3	1 506.1	1 328.3
742.6	736.9	14.1	13.8	879.5	876.6
59.0	(237.2)	1.4	(5.4)	135.2	(58.5)
151.9	183.7	7.1	8.9	257.3	315.4
184.4	157.8	11.7	10.3	234.1	194.8
82.7	66.8	6.8	4.8	130.3	126.3
14.7	(10.9)	2.8	(1.8)	27.6	4.4
68.0	77.7	9.9	9.9	102.7	121.9
219.0	170.2	5.4	3.5	389.1	340.0
118.0	76.7	4.3	2.3	231.7	199.1
101.0	93.5	8.0	6.2	157.4	140.9
103.6	49.3	—	—	137.6	38.6
—	—	—	—	—	—
1 543.2	1 127.5	8.3	5.8	2 163.1	1 833.2

Notes to the group financial statements continued

for the year ended 30 September 2010

2. SEGMENTAL REPORT *(continued)*

	2010 R million	2009 R million
Reconciliation of operating profit and trading profit:		
Operating profit	1 343.7	595.2
Abnormal losses/(gains)*		
Net impairment losses on goodwill, plant, property and equipment and intangible assets	108.4	389.8
Retrenchment and restructuring costs	78.8	107.0
Share-based payment expense on BEE transaction	49.0	18.0
Financial instruments fair value loss	12.0	54.1
Net loss/(profit) on disposal of businesses	2.9	(26.7)
Impairment of loans to non-controlling shareholders	1.9	36.9
Net profit on disposal of property	(38.6)	(1.8)
Non-controlling shareholder loan waived	(14.9)	—
Net onerous lease provisions reversed	—	(26.1)
Insurance proceeds from Thorpe fire	—	(18.9)
Trading profit	1 543.2	1 127.5

*Abnormal losses/(gains) are defined as losses and gains which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the period.

	Segment assets		Segment liabilities		Capital expenditure	
	2010 R million	2009 R million	2010 R million	2009 R million	2010 R million	2009 R million
South Africa	8 006.4	8 594.4	2 047.8	2 111.3	409.7	480.3
Metals and Glass	3 048.1	3 438.7	631.0	821.6	198.4	77.1
Paper and Flexibles	2 719.0	2 780.7	765.9	700.7	51.3	232.6
Plastics	1 267.5	1 389.9	352.4	327.9	84.6	115.5
Tissue	971.8	985.1	298.5	261.1	75.4	55.1
Rest of Africa	1 412.2	1 409.7	233.1	366.0	228.1	406.8
Metals	1 048.5	913.2	125.3	198.8	212.7	375.2
Paper	363.7	496.5	107.8	167.2	15.4	31.6
Europe	2 005.7	2 299.1	593.6	695.3	81.2	202.9
Paper	1 575.5	1 827.8	431.8	502.9	44.4	169.2
Plastics	430.2	471.3	161.8	192.4	36.8	33.7
Other segments	876.2	937.5	393.3	414.7	65.8	39.3
Eliminations	(226.4)	(378.4)	(37.9)	(165.8)	0.9	—
Total	12 074.1	12 862.3	3 229.9	3 421.5	785.7	1 129.3

2. SEGMENTAL REPORT *(continued)*

	Revenue from external customers*	
	2010 R million	2009 R million
Geographical information		
South Africa	11 294.1	11 467.7
UK	2 815.8	3 337.6
Europe (other Europe countries excluding UK)	1 265.7	1 519.8
Angola	454.7	468.1
Namibia	515.4	458.8
Rest of the world	2 199.8	2 333.6
	18 545.5	19 585.6

*Revenue is attributed to countries on the basis of the customer's location.

	Non-current assets**	
	2010 R million	2009 R million
Geographical information		
South Africa	4 678.0	5 313.8
UK	525.0	616.4
Europe (other Europe countries excluding UK)	591.7	729.9
Angola	677.2	4.9
Rest of the world	74.1	168.8
	6 546.0	6 833.8

**Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Operating segments are identified on the same basis as financial information is reported internally for the purpose of allocating resources between segments and assessing their performance by the group's chief operating decision maker, defined as the group executive committee. Reportable segments have been identified after applying the quantitative thresholds per IFRS 8 *Operating segments*, and after aggregating operating segments with similar economic characteristics.

The principal activities of the segments are as follows:

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

Paper and flexibles – manufacture of corrugated boxes, paper, folding cartons, tubs and tubes and a full range of flexible plastics products.

Plastics – manufacture of plastic bottles, crates, drums and checkout bags.

Tissue – manufacture of toilet tissue, diapers and feminine hygiene products.

Other segments – head office activities, procurement, treasury and property services.

The differences between the measurements of the reportable segments' profit and losses and assets and liabilities, and the group's profit and losses and assets and liabilities are as follows:

Reportable segments' contributions to post-retirement medical aid funds and pension funds are expensed as and when incurred, while at group these funds are actuarially valued and accounted for as per the group accounting policy (refer to accounting policy note 13).

Reportable segments' account for profit and loss on the close out of forward exchange contracts, while at group forward exchange contracts are fair valued and the fair value adjustments are accounted for as per the group accounting policy (refer to accounting policy note 22).

There is no individual customer who contributes more than 10% to the group's total revenue.

Notes to the group financial statements continued

for the year ended 30 September 2010

3. PROPERTY, PLANT AND EQUIPMENT

	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
Gross carrying amount						
At 1 October 2008	1 295.0	127.8	9 197.5	55.9	10 676.2	8.6
Additions	235.2	8.1	859.7	16.9	1 119.9	—
Interest capitalised	0.2	—	35.8	—	36.0	—
Acquisition of business	—	—	44.4	68.3	112.7	—
Disposals	(4.3)	(7.9)	(404.5)	(18.8)	(435.5)	(0.3)
Impairment loss	—	—	(350.5)	—	(350.5)	—
Reversal of impairment loss	—	—	0.5	—	0.5	—
Reclassified to assets held for sale	(4.3)	—	(87.0)	—	(91.3)	—
Translation differences	(130.9)	(15.5)	(555.3)	(1.2)	(702.9)	—
Other movements	(10.2)	(0.6)	(4.5)	4.5	(10.8)	—
At 30 September 2009	1 380.7	111.9	8 736.1	125.6	10 354.3	8.3
Additions	8.3	2.3	751.4	13.2	775.2	—
Transfer from equity on cash flow hedges	—	—	2.2	—	2.2	—
Interest capitalised	0.1	—	36.9	—	37.0	—
Disposals	(16.8)	(1.6)	(239.7)	(18.2)	(276.3)	(0.2)
Disposal of business	(2.1)	—	(58.5)	—	(60.6)	—
Impairment loss	—	(0.5)	(12.2)	—	(12.7)	—
Reversal of impairment loss	—	—	1.6	—	1.6	—
Reclassified to assets held for sale	(6.9)	—	(113.8)	—	(120.7)	—
Translation differences	(67.3)	(10.4)	(307.1)	(5.8)	(390.6)	—
Other movements	2.7	1.1	(8.6)	(0.1)	(4.9)	(2.7)
At 30 September 2010	1 298.7	102.8	8 788.3	114.7	10 304.5	5.4

3. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	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
Accumulated depreciation						
At 1 October 2008	314.6	33.8	3 559.1	25.7	3 933.2	5.0
Depreciation charge for the year	23.3	5.1	683.8	15.1	727.3	2.0
Acquisition of business	—	—	35.3	40.9	76.2	—
Disposals	(2.2)	(6.9)	(350.3)	(15.7)	(375.1)	(0.2)
Reclassified to assets held for sale	(1.2)	—	(54.1)	—	(55.3)	—
Translation differences	(12.8)	(4.1)	(321.7)	(0.8)	(339.4)	—
Other movements	3.3	—	(4.6)	(0.8)	(2.1)	(1.9)
At 30 September 2009	325.0	27.9	3 547.5	64.4	3 964.8	4.9
Depreciation charge for the year	30.5	5.1	595.5	12.0	643.1	0.5
Disposals	(6.4)	(1.5)	(189.1)	(12.4)	(209.4)	(0.2)
Disposal of business	(0.7)	—	(35.2)	—	(35.9)	—
Reclassified to assets held for sale	(2.2)	—	(45.4)	—	(47.6)	—
Translation differences	(16.0)	(2.9)	(186.3)	(3.8)	(209.0)	—
Other movements	1.9	—	(1.3)	0.1	0.7	(1.9)
At 30 September 2010	332.1	28.6	3 685.7	60.3	4 106.7	3.3
Net book value at 30 September 2010	966.6	74.2	5 102.6	54.4	6 197.8	2.1
Net book value at 30 September 2009	1 055.7	84.0	5 188.6	61.2	6 389.5	3.4

Notes to the group financial statements *continued*

for the year ended 30 September 2010

	2010 R million	2009 R million
3. PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>		
The open market value of the group's properties was determined by The Property Partnership (independent valuers not connected to the group) in September 2010. These properties were valued by reference to market evidence of recent transactions for similar properties		
– Freehold land and buildings	1 810.2	1 841.3
– Investment properties	26.5	28.5
A schedule of the group's properties is available to users of the financial statements on receipt of a written request.		
Insured value of the plant, equipment and vehicles at 30 September	25 815.7	25 705.5
– South Africa	20 472.5	19 000.9
– Africa	2 764.0	1 482.9
– Europe	2 579.2	5 221.7
Refer to note 15 for details of property, plant and equipment encumbered.		
Property rental income earned by the group from its investment property under operating leases	1.5	1.5
Direct operating expenses relating to investment properties	0.8	0.6
Impairment losses have been recognised on certain plant and equipment where the carrying value exceeded the higher of value-in-use or fair value less cost to sell.		

	R million
4. GOODWILL	
Carrying amount	
At 1 October 2008	256.1
Acquisition of business	43.7
Impairment loss	(4.6)
Translation differences	(7.3)
At 30 September 2009	287.9
Disposal of business	(0.4)
Impairment loss	(31.5)
Translation differences	(3.1)
At 30 September 2010	252.9

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 statement of comprehensive income.

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 2010			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	22.8	37.3
Flexibles	53.5	19.5	34.0
Paper	44.3	22.9	21.4
Europe			
Healthcare	282.3	248.8	33.5
Paper	300.0	300.0	—
Africa			
Metals	21.4	18.2	3.2
Other	0.1	—	0.1
	885.1	632.2	252.9
At 30 September 2009			
South Africa			
Metals	123.4	—	123.4
Rigids	60.1	—	60.1
Flexibles	53.5	19.5	34.0
Paper	44.3	14.1	30.2
Europe			
Healthcare	289.5	253.1	36.4
Paper	328.6	328.6	—
Africa			
Metals	21.4	18.2	3.2
Other	3.5	2.9	0.6
	924.3	636.4	287.9

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.

Notes to the group financial statements continued

for the year ended 30 September 2010

4. GOODWILL *(continued)*

Cash flows beyond the five year period are extrapolated using the growth rates below:

	South Africa %	Africa %	Europe %
Key assumptions used for value-in-use calculations			
2010			
Growth rate*	0.0	0.0	0.0
Discount rate (post-tax)	9.5	20.0	6.9
2009			
Growth rate*	0.0	0.0	0.0
Discount rate (pre-tax)	11.4	20.0	7.2

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

Management estimates discount rates using the post-tax average weighted cost of capital for the group, adjusted for risks associated with the geographical markets in which the CGUs operate. Growth rates are based on industry growth rate forecasts. In the prior year a pre-tax discount rate was used.

Goodwill of R0.4 million relating to the group's shareholding in Cartonagens de Mocambique LDA, was disposed to the non-controlling shareholder with effect from 30 April 2010.

Goodwill of R31.5 million relating to entities classified as held for sale and entities disposed of, was impaired during the year due to indications that this goodwill will not be recovered.

During the prior year, the group acquired the entire equity of Storey Evans Holdings Ltd. The goodwill relating to this acquisition is £3.1 million (R43.7 million at acquisition) and is allocated to the Europe Healthcare cash generating unit.

5. OTHER INTANGIBLE ASSETS

	ERP systems and software R million	Other R million	Total R million
Cost			
At 1 October 2008	501.1	30.8	531.9
Additions	8.6	0.8	9.4
Disposals	(11.7)	—	(11.7)
Impairment loss	(34.0)	(0.5)	(34.5)
Translation differences	(4.6)	—	(4.6)
Other movements	1.9	0.1	2.0
At 30 September 2009	461.3	31.2	492.5
Additions	9.5	1.0	10.5
Disposals	(5.5)	(1.4)	(6.9)
Impairment loss	(3.0)	—	(3.0)
Translation differences	(3.2)	—	(3.2)
Other movements	6.6	1.3	7.9
At 30 September 2010	465.7	32.1	497.8
Amortisation			
At 1 October 2008	293.6	21.3	314.9
Charge for the year	71.7	10.3	82.0
Disposals	(8.0)	—	(8.0)
Translation differences	(1.3)	—	(1.3)
Other movements	7.7	(4.3)	3.4
At 30 September 2009	363.7	27.3	391.0
Charge for the year	63.3	2.2	65.5
Disposals	(5.5)	(1.4)	(6.9)
Translation differences	(1.3)	—	(1.3)
Other movements	4.1	(2.8)	1.3
At 30 September 2010	424.3	25.3	449.6
Net carrying value at 30 September 2010	41.4	6.8	48.2
Net carrying value at 30 September 2009	97.6	3.9	101.5

Other intangible assets consist of patents, trademarks and licences.

The impairment loss of R3.0 million in the current year relates to ERP systems. The common design of the group's ERP systems of R34.0 million was impaired in the prior year as there were no future identifiable cash benefits. The balance of the impairment loss in the prior year (R0.5 million) related to divisional implementations on the basis of their ability to generate future identifiable cash benefits. A post-tax discount rate of 9.5% was applied to the future cash flows. In 2009 a pre-tax rate of 10.4% was used.

The carrying amount of ERP systems for South Africa is R22.3 million (2009: R61.4 million). With effect from 1 October 2010, the remaining useful life of the ERP system has been revised to two years. The impact on profit and loss will be a decrease in depreciation of R11.2 million in the 2011 financial year.

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
6. INVESTMENTS IN ASSOCIATES		
(Refer to Annexure A for details)		
Cost of investments in associates	6.3	4.9
Share of other post-acquisition reserves	2.3	3.3
Share of post-acquisition profit, net of dividend received	15.2	11.6
Opening balance	11.6	12.1
Share of current year profit/(loss)	3.6	(0.5)
	23.8	19.8
<p>The financial year-ends of Group Risk Holdings (Pty) Limited and Collect-a-Can (Pty) Limited are 30 September and 31 December respectively. The September management accounts were used to prepare the financial statements for consolidation purposes.</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	201.9	239.3
Profit/(loss) for the year	4.4	(0.9)
Group's share of associates' profit/(loss) for the year	3.6	(0.5)
Total assets	342.7	437.0
Total liabilities	285.4	387.8
Net assets	57.3	49.2
Group's share of associates' net assets	23.8	19.8
7. INVESTMENTS IN JOINT VENTURES		
(Refer to Annexure A for details)		
The following amounts are included in the group's financial statements as a result of the proportionate consolidation of its joint ventures:		
Income	757.9	673.8
Expenses	709.3	656.1
Current assets	338.4	279.1
Non-current assets	423.8	413.9
Current liabilities	95.3	104.9
Non-current liabilities	537.9	508.6

The group's share of capital commitments from joint ventures is R78.8 million (2009: R77.8 million).

	2010 R million	2009 R million
8. OTHER NON-CURRENT FINANCIAL ASSETS		
Available-for-sale financial assets		
(Refer to Annexure B for details)		
Investments at fair value	14.2	14.7
Impairment loss	(0.4)	(1.0)
	13.8	13.7
Loans and receivables		
Loans to non-controlling shareholders and joint venture partners ¹	289.1	277.7
Non-current receivable on disposal of properties ²	11.7	16.9
Equipment sales receivables ³	71.1	70.1
Deferred consideration on disposal of business	26.1	—
Management retention bonuses	22.6	34.6
Other loans and receivables	28.4	30.6
Impairment loss ¹	(38.8)	(36.9)
Total loans and receivables	410.2	393.0
Less: Amounts receivable within one year, reflected in trade receivables and other current assets (note 11)	38.9	27.4
Net non-current loans and receivables	371.3	365.6
Total	385.1	379.3

¹The loans to the non-controlling shareholders relate to two unsecured loans. The first loan, which was repayable on 31 May 2010, was settled on 1 November 2010 and interest was charged at the South African prime rate. The second loan is repayable in approximately nine years and interest is charged at the South African prime rate less 2%. These two loans were impaired in the prior year.

The loans to the joint venture partners are also unsecured. The first loan is repayable in 2015 and interest is charged at the South African prime rate less 2%. The second loan has no repayment date and interest is charged at the South African prime rate.

²The non-current receivable on disposal of properties relates to the mortgage loan to Nampak Wiegand Glass (Pty) Limited. The loan has a final repayment date in April 2015 and interest is charged at the South African prime rate less 2%.

³Equipment sales receivables are repayable from 2011 to 2015. Interest is charged at the South African prime rate.

The fair value of all loans and receivables approximates cost and was calculated by discounting cash flows at a market related interest rate.

Notes to the group financial statements continued

for the year ended 30 September 2010

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.

	Accelerated tax depre- ciation R million	Provisions R million	Prepay- ments R million	Retirement benefit obligation R million	Tax losses R million	Other R million	Total R million
At 1 October 2008	904.2	(128.3)	1.7	(324.1)	(123.5)	154.3	484.3
Credit to other comprehensive income for the year	—	—	—	(52.6)	—	—	(52.6)
(Credit)/charge to profit for the year	(60.9)	(29.2)	(0.6)	10.1	(192.1)	(31.7)	(304.4)
Acquisition of subsidiary	3.7	(0.3)	—	—	(3.0)	0.6	1.0
Reclassified to non-current assets held for sale	(8.6)	0.6	(0.1)	—	6.0	—	(2.1)
Translation differences	(34.1)	7.3	—	19.2	(0.1)	(26.3)	(34.0)
At 30 September 2009	804.3	(149.9)	1.0	(347.4)	(312.7)	96.9	92.2
Credit to other comprehensive income for the year	—	—	—	(34.5)	—	—	(34.5)
Charge/(credit) to profit for the year	20.8	(18.2)	1.4	(13.8)	168.3	23.8	182.3
Reclassified to non-current assets held for sale	9.7	—	—	—	0.7	—	10.4
Translation differences	(20.1)	0.1	—	6.5	2.3	0.8	(10.4)
At 30 September 2010	814.7	(168.0)	2.4	(389.2)	(141.4)	121.5	240.0

	2010 R million	2009 R million
Analysed between:		
Deferred tax assets	46.9	200.9
Deferred tax liabilities	286.9	293.1
	240.0	92.2

At the reporting date, the group had unused tax losses of R1 045.5 million (2009: R1 304.8 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R504.9 million (2009: R1 135.8 million) of such losses. No deferred tax asset has been recognised on the remaining R540.6 million (2009: R169.0 million) due to the unpredictability of future profit streams. There are no expiry dates on the tax losses.

	2010 R million	2009 R million
10. INVENTORIES		
Raw materials	902.4	1 111.3
Work in progress	210.0	248.8
Finished goods	865.3	1 005.0
Consumables	294.9	278.7
Total	2 272.6	2 643.8
Carrying amount of inventories included at net realisable value	55.9	93.3
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	2.5	8.7
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS		
Trade receivables net of allowance for doubtful debts	2 453.1	2 573.6
Prepayments	88.4	116.2
Derivative financial instruments (note 1)	0.2	1.8
Current portion of loans and receivables (note 8)	38.9	27.4
Other	116.7	145.3
Total	2 697.3	2 864.3

The directors consider that the carrying amounts of trade receivables and other current assets approximate their fair values due to the short-term nature of these assets. The total amount receivable represents the maximum exposure to credit risk for trade receivables and other current assets, before any credit enhancements or collateral that may be held.

The average credit term on the sale of goods is 30 days. The group does not permit general provisions for doubtful debts based solely on the age of receivables. The allowance for doubtful debts is provided for on the basis of the estimated irrecoverable amounts from the sale of goods, determined by historical trend analysis for similar classes of receivables, taking into account the analysis of the counterparty's current financial position.

Included in the group's trade receivable balance are debtors with a carrying value of R315.3 million (2009: R566.3 million) which are past due at the reporting date and for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS <i>(continued)</i>		
Ageing of trade receivables past due, but not impaired		
30 days and less	237.9	323.8
30 – 60 days	53.6	129.7
60 – 90 days	15.1	40.7
90 – 180+ days	8.7	72.1
Total	315.3	566.3
An allowance of R130.9 million (2009: R178.0 million) has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default.		
Analysis of the allowance for doubtful debts		
Balance at beginning of year	178.0	88.7
Impairment losses recognised on receivables	107.5	198.1
Amounts written off during the year	(75.0)	(91.4)
Impairment losses reversed	(74.7)	(14.5)
Translation differences	(4.9)	(2.9)
Balance at end of year	130.9	178.0
In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. With the exception of a few multinationals, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the board of directors believes that there is no further credit provision required in excess of the allowance for doubtful debts.		
The prior year impairment losses recognised on receivables have been restated for the effects of translation, which are shown separately this year.		
12. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	321.0	343.5
Short-term bank deposits	397.6	672.6
Total	718.6	1 016.1
South African rand	111.8	563.6
Foreign currencies	606.8	452.5
	718.6	1 016.1

	2010 R million	2009 R million
13. ASSETS HELD FOR SALE		
<p>The group intends to dispose of the Tubs operation within the next 12 months due to unfavourable trading conditions and in line with the group's strategic intent. This disposal group is included in the South Africa Plastics segment for segmental reporting purposes. Impairment losses of R52.8 million and R11.1 million were recognised for the assets of the operation and the goodwill allocated to this operation respectively.</p> <p>The group also intends to dispose of two properties in South Africa within the next 12 months due to these properties having become redundant to the group's requirements. These properties are included in the Other segment for segmental reporting purposes. No impairment losses have been recognised for the properties as the proceeds on disposal are expected to exceed their carrying amounts.</p> <p>In the prior year, the Interpak, Disaki, L & CP and Foam businesses were classified as held for sale. The assets of the Foam operation were disposed of during the year, while the effective dates of disposal for the remaining operations are set in the first quarter of the 2011 financial year. These disposal groups are included in the South Africa Paper and Flexibles segment for segmental reporting purposes. Additional impairment expenses of R10.5 million were recognised in the current year for these disposal groups.</p> <p>Certain properties in Europe have also been classified as held for sale in prior years and were included in the Other segment for segmental reporting purposes. These properties were disposed of in the current year.</p> <p>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 disposal groups held for sale and are presented separately in the statement of financial position.</p> <p>The major classes of assets and liabilities comprising the disposal groups classified as held for sale are as follows:</p>		
Assets classified as held for sale		
Property, plant and equipment	45.0	51.1
Deferred tax asset	8.3	—
Inventories	66.9	47.6
Trade receivables and other current assets	82.4	74.1
Bank balances, deposits and cash	—	1.1
Tax asset	—	1.0
	202.6	174.9
Liabilities directly associated with assets classified as held for sale		
Deferred tax liability	—	2.1
Trade and other payables	78.4	78.0
	78.4	80.1

Notes to the group financial statements continued

for the year ended 30 September 2010

14. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Capital reserves					
	Notes	Share capital R million	Share premium R million	Treasury shares R million	Share-based payments reserve R million
At 1 October 2008		35.5	825.1	(1 215.2)	277.8
Employee share option scheme:					
– value of employee services		—	—	—	17.2
– share grants exercised		—	—	—	(2.7)
– proceeds from shares issued		0.1	13.6	—	—
– share grants forfeited after vesting date		—	—	—	(0.3)
Currency translation differences		—	—	—	—
Loss on cash flow hedges		—	—	—	—
Actuarial loss		—	—	—	—
Profit for the year		—	—	—	—
Dividends paid	27	—	—	—	—
Cash distributions from share premium	27	—	(592.3)	65.2	—
At 30 September 2009		35.6	246.4	(1 150.0)	292.0
Employee share option scheme:					
– value of employee services		—	—	—	54.3
– share grants exercised		—	—	—	(3.4)
– proceeds from shares issued		0.1	19.4	—	—
– share grants forfeited after vesting date		—	—	—	(2.4)
Share of associates' non-distributable reserves		—	—	—	—
Treasury shares sold		—	—	0.3	—
Currency translation differences		—	—	—	—
Release of reserves relating to subsidiary disposed		—	—	—	—
Loss on cash flow hedges		—	—	—	—
Transfer from cash flow hedging reserve to assets		—	—	—	—
Net actuarial loss		—	—	—	—
Profit for the year		—	—	—	—
Gain on available-for-sale financial assets		—	—	—	—
Dividends paid	27	—	—	—	—
At 30 September 2010		35.7	265.8	(1 149.7)	340.5

Other reserves

Foreign currency translation reserve R million	Hyper- inflation capital adjust- ment R million	Financial instru- ments hedging reserve R million	Recognised actuarial losses R million	Share of non-distri- butable reserves in associates R million	Available- for-sale financial assets revaluation reserve R million	Other R million	Retained earnings R million	Total attri- butable to owners of Nampak Limited R million	Non- controlling interest R million	Total equity R million
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
—	—	—	—	—	—	—	—	17.2	—	17.2
—	—	—	—	—	—	—	—	(2.7)	—	(2.7)
—	—	—	—	—	—	—	—	13.7	—	13.7
—	—	—	—	—	—	—	0.3	—	—	—
(422.3)	—	—	—	—	—	—	—	(422.3)	(4.6)	(426.9)
—	—	(1.7)	—	—	—	—	—	(1.7)	—	(1.7)
—	—	—	(135.3)	—	—	—	—	(135.3)	—	(135.3)
—	—	—	—	—	—	—	204.8	204.8	(2.7)	202.1
—	—	—	—	—	—	—	(0.1)	(0.1)	(1.6)	(1.7)
—	—	—	—	—	—	—	—	(527.1)	—	(527.1)
24.7	(24.3)	(1.9)	(346.4)	3.3	(38.9)	0.2	6 064.3	5 105.0	24.5	5 129.5
—	—	—	—	—	—	—	—	54.3	—	54.3
—	—	—	—	—	—	—	—	(3.4)	—	(3.4)
—	—	—	—	—	—	—	—	19.5	—	19.5
—	—	—	—	—	—	—	2.4	—	—	—
—	—	—	—	(1.0)	—	—	—	(1.0)	—	(1.0)
—	—	—	—	—	—	—	—	0.3	—	0.3
(230.2)	—	—	—	—	—	—	—	(230.2)	(4.1)	(234.3)
2.1	—	—	—	—	—	—	—	2.1	(1.6)	0.5
—	—	(0.4)	—	—	—	—	—	(0.4)	—	(0.4)
—	—	2.2	—	—	—	—	—	2.2	—	2.2
—	—	—	(145.2)	—	—	—	—	(145.2)	—	(145.2)
—	—	—	—	—	—	—	825.9	825.9	9.0	834.9
—	—	—	—	—	0.6	—	—	0.6	—	0.6
—	—	—	—	—	—	—	(288.9)	(288.9)	(0.3)	(289.2)
(203.4)	(24.3)	(0.1)	(491.6)	2.3	(38.3)	0.2	6 603.7	5 340.8	27.5	5 368.3

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 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:		
660 777 659 (2009: 659 264 090) ordinary shares of 5 cents each	33.1	33.0
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	35.7	35.6
24 999 638 (2009: 26 138 365) 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 (Pty) 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	265.8	246.4
Treasury shares	(1 149.7)	(1 150.0)
27 369 195 ordinary shares held by the Nampak Black Management Share Trust	(323.9)	(323.9)
51 301 ordinary shares held by the Nampak 1979 Share Purchase Scheme	—	(0.3)
31 857 195 preferred ordinary shares held by Red Coral Investments 23 (Pty) Limited on behalf of broad-based participants in Nampak's Black Economic Empowerment scheme	(290.5)	(290.5)
45 070 855 ordinary shares held by Nampak Products Limited	(535.3)	(535.3)
Share-based payments reserve	340.5	292.0
Capital reserves	(543.4)	(611.6)
Reconciliation of number of ordinary shares issued		
Number of ordinary shares issued at beginning of year	659 264 090	658 141 761
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme	1 335 100	952 200
Ordinary shares allotted to employees and retired employees other than directors in terms of the Performance Share Plan	163 677	151 631
Ordinary shares allotted to a director in terms of the Performance Share Plan	14 792	18 498
Number of ordinary shares issued at end of year	660 777 659	659 264 090
Treasury shares	(72 440 050)	(72 491 351)
Net number of ordinary shares	588 337 609	586 772 739

14. CAPITAL AND RESERVES *(continued)*

Preferred ordinary shares

There were no changes to the 31 857 195 shares allotted to Red Coral Investments 23 (Pty) 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. The 51 301 ordinary shares held by the Nampak 1979 Share Purchase Scheme were sold during the current year.

Foreign currency translation reserve

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

Hyperinflation capital adjustment

An entity whose functional currency is that of a hyperinflationary economy is required to restate its financial results so as to present a more comparable set of financial statements. The hyperinflation capital adjustment is used to show the hyperinflation effect on non-monetary reserves.

Financial instruments hedging reserve

The financial instruments hedging 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 and 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's policy is to recognise all actuarial gains and losses in the period in which they occur in other comprehensive income.

Share of non-distributable reserves in associates

Non-distributable reserves in associates arise out of associate companies being equity accounted. These reserves are not available for distribution by way of dividends.

Available-for-sale financial assets revaluation reserve

The available-for-sale financial assets revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

Non-controlling interest

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

Notes to the group financial statements continued

for the year ended 30 September 2010

			2010 R million	2009 R million
15. LOANS AND BORROWINGS				
	Redeemable/ repayable	Year-end interest rates		
Secured loans ¹				
– local	2013 – 2016	7.5% to 8.4%	1 351.7	1 351.8
– foreign	2011	1.3% to 15.1%	103.6	255.4
Unsecured loans				
– local	2012 onwards	9.5% to 10.5%	250.5	255.7
– foreign	2011 – 2015	8.9%	7.6	7.7
Capitalised finance leases ²				
– local	2011 – 2016	7.5 to 8.5%	34.0	32.8
– foreign	2014 – 2015	5% to 18.7%	8.8	13.8
Non-recourse debt ³				
– local	2011	8.1% to 9.4%	248.6	257.4
			2 004.8	2 174.6
Less: Instalments due for repayment within one year, reflected as current loans			373.8	53.1
Net non-current loans and borrowings			1 631.0	2 121.5
<p>¹Loans and borrowings are secured by the following assets: R350.0 million (2009: R350.0 million) debt is secured by properties with a market value of R563.0 million. R87.9 million (2009: R215.7 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 015.7 million (2009: R1 389.7 million) debt is secured by guarantees issued by Nampak Limited. This facility is subject to covenants relating to interest cover, gearing and liquidity of the Nampak Limited group. The Nampak Limited Group was well within the covenant requirements throughout the year under review. No liabilities have been recognised for the outstanding guarantees.</p> <p>²Lease 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 values of the group's lease obligations approximate their carrying amounts.</p> <p>³The non-recourse debt relates to the preference share funding obtained by Red Coral Investments 23 (Pty) Limited to fund the purchase of preferred ordinary shares in Nampak Limited as part of the black economic empowerment transaction entered into in 2005. There is no recourse to Nampak Limited or any of its subsidiaries in respect of these borrowings. The debt is subject to covenants based on the Nampak share price. The preference shares will be redeemable on 31 January 2011.</p>				
Current loans				
Current portion of loans			110.4	38.4
Current portion of finance leases			14.8	14.7
Non-recourse debt			248.6	—
Short-term loans			—	500.0
Commercial paper – unsecured			—	633.0
Bank overdrafts – unsecured			455.5	619.3
Total current loans and borrowings			829.3	1 805.4
Total borrowings			2 460.3	3 926.9

		Total	Local	Foreign
15. LOANS AND BORROWINGS <i>(continued)</i>				
Summary of borrowings by year of redemption or payment:				
Total owing at 30 September 2010		2 004.8	1 884.8	120.0
	2011	373.8	264.2	109.6
	2012	16.5	11.7	4.8
Repayable during the year ending 30 September	2013	1 009.0	1 006.3	2.7
	2014	2.9	1.7	1.2
	2015 onwards	602.6	600.9	1.7
Included above are minimum lease payments due on capitalised finance leases by year of redemption or payment:				
Total owing at 30 September 2010		42.8	34.0	8.8
	2011	14.8	14.0	0.8
Minimum lease payments repayable during the year ending 30 September	2012	15.5	11.6	3.9
	2013	8.6	6.3	2.3
	2014	2.6	1.7	0.9
	2015 onwards	1.3	0.4	0.9
		2010	2009	
		R million	R million	
16. OTHER NON-CURRENT LIABILITIES				
Fixed escalation operating lease accrual				
Operating lease liabilities		13.0	14.2	
Less: Current portion		8.6	4.2	
		4.4	10.0	
Non-current portion of decommissioning costs (note 19)		11.4	26.5	
Total other non-current liabilities		15.8	36.5	

The operating leases relate to land and buildings with remaining terms from 2011 to 2015.

Notes to the group financial statements continued

for the year ended 30 September 2010

		Country		Members		Contribution costs	
				2010	2009	2010 R million	2009 R million
17. RETIREMENT BENEFIT INFORMATION							
17.1 Defined contribution funds							
Membership and costs for each fund are as follows:							
Nampak Group Pension Fund	RSA			1 767	1 915	69.1	64.9
Nampak Provident Fund	RSA			7 154	8 040	105.0	99.7
Nampak (KPL) Provident Fund	RSA			332	381	8.3	8.9
Nampak Kenya Limited Provident Fund	Kenya			173	151	0.3	0.3
Nampak Kenya Limited Staff Pension and Life Assurance Scheme	Kenya			38	52	0.6	0.7
Nampak Nigeria plc Retirement Gratuity	Nigeria			155	126	(0.3) ¹	1.8
Nampak Nigeria plc Pension Funds	Nigeria			291	256	0.5	0.5
Nampak Cartons Stakeholder Pension Plan	UK			184	204	3.3	4.4
Nampak Plastics Group Stakeholder Pension Plan ²	UK			—	183	—	3.2
Nampak Plastics Group Personal Pension Plan ²	UK			245	—	8.0	—
M.Y. Group Stakeholder Pension Plan	UK			300	395	6.3	8.8
				10 639	11 703	201.1	193.2
External funds							
External funds	Europe and Africa			657	650 ³	4.8	3.4 ²
Industry funds	RSA			1 385	841	15.1	10.9
				2 042	1 491	19.9	14.3
Totals				12 681	13 194	221.0	207.5

¹The movement on the Nampak Nigeria plc Retirement Gratuity was due to an overprovision made in 2009 that was corrected in 2010.

²The Nampak Plastics Group Stakeholder Pension Plan was closed to further contributions in 2009. All members were transferred to the Nampak Plastics Group Personal Pension Plan.

³Prior year amounts have been restated to include external funds in Malawi, Tanzania and Zambia.

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

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

2010
Assumptions

Discount rate

Consumer price inflation (long term)

Expected return on funds' assets

Rate of compensation increase

Pension increase

Rate of medical inflation

Healthcare cost trend

Membership data

Total membership

Agreed employer contribution rate

2009

Assumptions

Discount rate

Consumer price inflation (long term)

Expected return on funds' assets

Rate of compensation increase

Pension increase

Rate of medical inflation

Healthcare cost trend

Membership data

Total membership

Agreed employer contribution rate

*The employer contribution rate relates to the Nampak Pension Plan and the Nampak Staff Pension Plan.
The M.Y. Group Pension Fund has a fixed contribution rate of £1.3 million per year.

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

2010

Equity instruments

Debt instruments

Diversified growth fund

Insured pensioner's policy

Property

Cash

2009

Equity instruments

Debt instruments

Insured pensioner's policy

Property

Cash

Other

	Pension plans		Post-retirement medical
	South Africa	Europe	
	9.0%	5.0%	8.1%
	4.8%	3.2%	5.7%
	9.0%	6.2%	8.1%
	6.3%	2.0%	—
	4.3%	3.0%	—
	—	—	6.2%
	—	—	6.2%
	52	2 936	4 231
	18.6%	17.6%*	—

	9.7%	5.5%	9.0%
	5.0%	3.0%	6.2%
	9.7%	6.5%	9.0%
	6.5%	3.9%	—
	4.5%	2.9%	—
	—	—	6.8%
	—	—	6.8%
	36	2 961	4 400
	18.5%	17.6%*	—

	62.5%	27.9%	—
	32.5%	6.8%	—
	—	29.2%	—
	—	31.7%	—
	5.0%	2.9%	—
	—	1.5%	100.0%

	62.5%	33.6%	—
	32.5%	36.4%	—
	—	11.8%	—
	5.0%	3.4%	—
	—	3.6%	100.0%
	—	11.2%	—

Notes to the group financial statements continued

for the year ended 30 September 2010

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	R million	R million
17. RETIREMENT BENEFIT INFORMATION <i>(continued)</i>				
17.2 Defined benefit funds <i>(continued)</i>				
The amounts recognised in the statement of financial position are as follows:				
2010				
Valuation results				
Fair value of plan assets	(27.3)	(1 240.6)	(67.6)	(1 335.5)
Present value of benefit obligations	31.6	1 636.0	1 072.4	2 740.0
Net liability in the statement of financial position	4.3	395.4	1 004.8	1 404.5
2009				
Valuation results				
Fair value of plan assets	(21.7)	(1 233.8)	(65.2)	(1 320.7)
Present value of benefit obligations	23.0	1 546.9	997.0	2 566.9
Net liability in the statement of financial position	1.3	313.1	931.8	1 246.2
The amounts recognised in the income statement are as follows:				
2010				
Current service cost	0.5	0.2	16.2	16.9
Interest cost	2.1	80.9	88.7	171.7
Expected return on plan assets	(2.0)	(77.8)	(5.7)	(85.5)
Total	0.6	3.3	99.2	103.1
Actual return on plan assets	(7.8)	(121.7)	(7.1)	(136.6)
Net actuarial loss taken to equity	3.4	154.2	22.1	179.7
2009				
Current service cost	1.0	3.5	14.9	19.4
Interest cost	2.1	99.2	84.1	185.4
Expected return on plan assets	(2.1)	(84.7)	(5.0)	(91.8)
Total	1.0	18.0	94.0	113.0
Actual return on plan assets	(4.6)	(83.8)	(6.8)	(95.2)
Net actuarial loss/(gain) taken to equity	0.5	208.5	(21.1)	187.9

	Pension funds		Post-retirement medical	Total
	South Africa R million	Europe R million	R million	R million
17. RETIREMENT BENEFIT INFORMATION <i>(continued)</i>				
17.2 Defined benefit funds <i>(continued)</i>				
Changes in the fair value of plan assets are as follows:				
At 1 October 2008	28.3	1 406.8	60.2	1 495.3
Expected return	2.1	84.7	5.0	91.8
Actuarial gains/(losses)	2.5	(0.9)	1.8	3.4
Contributions by employers	0.9	69.4	—	70.3
Contributions by members	—	0.5	—	0.5
Translation difference on foreign plans	—	(286.4)	—	(286.4)
Benefits paid	(12.1)	(40.3)	(1.8)	(54.2)
At 30 September 2009	21.7	1 233.8	65.2	1 320.7
Expected return	2.0	77.8	5.7	85.5
Actuarial gains	5.8	43.9	1.4	51.1
Contributions by employers	1.0	49.0	—	50.0
Contributions by members	0.4	0.1	—	0.5
Translation difference on foreign plans	—	(112.2)	—	(112.2)
Benefits paid	(3.6)	(51.8)	(4.7)	(60.1)
At 30 September 2010	27.3	1 240.6	67.6	1 335.5
Changes in the present value of the defined benefit obligation are as follows:				
At 1 October 2008	29.0	1 624.5	970.9	2 624.4
Service cost	1.0	3.5	14.9	19.4
Interest cost	2.1	99.2	84.1	185.4
Actuarial losses/(gains)	3.0	207.6	(19.3)	191.3
Contributions by members	—	0.5	—	0.5
Translation difference on foreign plans	—	(348.1)	—	(348.1)
Benefits paid	(12.1)	(40.3)	(53.6)	(106.0)
At 30 September 2009	23.0	1 546.9	997.0	2 566.9
Service cost	0.5	0.2	16.2	16.9
Interest cost	2.1	80.9	88.7	171.7
Actuarial losses	9.2	198.1	23.5	230.8
Contributions by members	0.4	0.1	—	0.5
Translation difference on foreign plans	—	(138.4)	—	(138.4)
Benefits paid	(3.6)	(51.8)	(53.0)	(108.4)
At 30 September 2010	31.6	1 636.0	1 072.4	2 740.0
Expected contributions to defined benefit plans in 2011	0.4	46.1	—	46.5

The total unfunded pension liability is R4.1million (2009: R1.4 million) and the unfunded post-retirement medical liability is R1 029 million (2009: R950.9 million).

Notes to the group financial statements continued

for the year ended 30 September 2010

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:

	2010 R million	2009 R million	2008 R million	2007 R million	2006 R million
Defined benefit pension plans					
Fair value of plan assets	1 267.9	1 255.5	1 435.1	1 474.5	1 432.6
Present value of benefit obligations	(1 667.6)	(1 569.9)	(1 653.5)	(1 655.0)	(1 813.9)
Deficit	(399.7)	(314.4)	(218.4)	(180.5)	(381.3)
Experience adjustments on plan liabilities	0.1%	(5.4%)	2.9%	—	(0.1%)
Experience adjustments on plan assets	3.6%	(0.2%)	(17.2%)	5.6%	4.4%
Post-retirement medical					
Fair value of plan assets	67.6	65.2	60.2	366.5	396.8
Present value of benefit obligations	(1 072.4)	(997.0)	(970.9)	(751.1)	(737.4)
Deficit	(1 004.8)	(931.8)	(910.7)	(384.6)	(340.6)
Experience adjustments on plan liabilities	4.6%	0.2%	(2.8%)	2.7%	(14.3%)
Experience adjustments on plan assets	2.3%	7.4%	(5.4%)	(4.1%)	2.2%

Post-retirement medical plans

Assumed healthcare cost trends have a significant effect on the amounts recognised in the statement of comprehensive income. 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	120.4	89.6
Effect on defined benefit obligation	1 207.6	971.7

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
¹ Nampak Group Pension Fund	29/02/2007	23.8	22.3	AA
¹ Nampak plc Pension Plan	05/04/2007	514.6	620.9	MFR
¹ Nampak plc Staff Pension Plan	05/04/2007	381.3	473.5	MFR
¹ M.Y. Group Stakeholder Pension Plan	05/04/2007	530.2	591.2	MFR
Nampak Post-retirement Medical Aid Fund	30/09/2009	—	957.3	PUC
Malbak Post-retirement Medical Aid Fund	30/09/2009	65.2	46.0	PUC

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

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.

¹The valuation process has commenced and will be finalised during 2011.

	2010 R million	2009 R million
18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables	1 368.0	1 521.1
Accruals	1 387.5	1 364.2
Derivative financial instruments (note 1)	44.2	35.4
Cash settled share-based payments	1.0	0.4
Other	203.8	270.0
Total	3 004.5	3 191.1

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

The directors consider that the carrying amounts of trade payables and other current liabilities approximate their fair values.

19. PROVISIONS

	Restruc- turing R million	Customer claims R million	Decom- missioning costs R million	Other R million	Total R million
At 1 October 2008	77.1	3.8	8.5	68.3	157.7
Additions	45.7	35.2	0.4	13.5	94.8
Usage	(37.9)	(2.6)	(2.4)	(30.7)	(73.6)
Reversals	(4.8)	(1.2)	(1.6)	(23.0)	(30.6)
Translation differences	(1.9)	0.1	(1.1)	(1.1)	(4.0)
Other	2.4	—	0.1	(4.4)	(1.9)
At 30 September 2009	80.6	35.3	3.9	22.6	142.4
Additions	70.2	11.0	0.3	1.8	83.3
Usage	(30.1)	(5.7)	—	(8.9)	(44.7)
Reversals	(10.4)	(13.1)	—	(6.2)	(29.7)
Translation differences	(4.5)	(2.4)	(0.4)	(1.8)	(9.1)
Other	0.6	(0.3)	—	0.1	0.4
At 30 September 2010	106.4	24.8	3.8	7.6	142.6

	2010 R million	2009 R million
Analysed as:		
Current	131.2	115.9
Non-current (note 16)	11.4	26.5
	142.6	142.4

Notes to the group financial statements continued

for the year ended 30 September 2010

19. PROVISIONS *(continued)*

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 are provided in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Decommissioning costs

Decommissioning costs are provided when there is a legal or environmental obligation for the group to restore the site.

Other

These provisions mainly relate to a legal claim made by a customer of the European Cartons business for defective packaging.

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

	2010 R million	2009 R million
20. REVENUE		
Sale of goods	18 431.1	19 469.5
Rendering of services	13.3	16.9
Other	101.1	99.2
	18 545.5	19 585.6
21. OPERATING PROFIT		
Operating profit is stated after taking into account the following items:		
21.1 Cost of goods sold	13 398.1	14 593.5
21.2 Included in employee benefit expense		
Retrenchment costs	66.3	94.3
Defined benefit plan expense	103.1	113.0
Share-based payment expense on BEE transaction	49.0	18.0
Other share-based payment expenses/(reversals)	5.3	(0.8)
21.3 Depreciation and amortisation consists of:		
Investment properties	0.5	2.0
Freehold and leasehold buildings	35.6	28.4
Plant, equipment and vehicles	607.5	698.9
Intangible assets	65.5	82.0
	709.1	811.3

	2010 R million	2009 R million
21. OPERATING PROFIT <i>(continued)</i>		
21.4 Included in other operating expenses and income		
Auditors' remuneration		
Audit fees	22.7	22.6
Expenses	0.5	0.9
Tax services	2.2	2.4
Other services	2.2	3.6
	27.6	29.5
The following amounts paid to auditors were capitalised during the year:		
ERP support	—	4.9
Impairments		
Freehold and leasehold buildings	0.5	—
Plant and equipment	12.2	298.5
Assets classified as held for sale	63.3	52.0
Goodwill	31.5	4.6
Intangible assets	3.0	34.5
Loans to non-controlling shareholders	1.9	36.9
Other investments	—	0.7
	112.4	427.2
Reversal of impairments		
Reversal of impairment losses on plant and equipment	(1.6)	(0.5)
Reversal of impairment losses on investments	(0.5)	—
	(2.1)	(0.5)
Rentals in respect of operating leases		
Property	111.9	122.6
Plant, equipment and vehicles	13.6	12.5
	125.5	135.1

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
21. OPERATING PROFIT <i>(continued)</i>		
21.4 Included in other operating expenses and income <i>(continued)</i>		
Non-controlling shareholder loan waived	(14.9)	—
Administration and technical fees	16.3	22.4
Selling expenses	58.6	89.9
Distribution expenses	826.0	941.4
Research and development expenditure	35.6	29.9
Net loss/(profit) on disposal of businesses	2.9	(26.7)
Restructuring costs	12.5	12.7
Government grants received	(1.2)	(1.6)
Net loss on foreign exchange	66.9	17.9
Financial instruments fair value loss	12.0	54.1
Cash flow hedge ineffectiveness	—	0.6
Net profit on disposal of property	(38.6)	(1.8)
Net loss on disposal of plant and equipment	14.7	32.0
Net loss on disposal of intangible assets	—	2.8
Insurance proceeds from Thorpe fire	—	(18.9)
Net onerous lease provisions reversed	—	(26.1)
21.5 Directors' emoluments		
<i>Executive directors</i>		
For managerial services	19.6	27.2
Retirement fund contributions for managerial services	0.7	0.5
Total (a)	20.3	27.7
<i>Non-executive directors</i>		
For services as directors	3.1	3.1
Total (b)	3.1	3.1
<i>Paid by:</i>		
Company	22.0	29.2
Subsidiary companies	1.4	1.6
Total (a) + (b)	23.4	30.8
Other remuneration not included in other operating expenses: Gains made under the share schemes	0.3	0.5

	2010 R million	2009 R million
22. SHARE-BASED PAYMENTS		
All share schemes are classified as equity-settled schemes.		
Share based payment expenses recognised		
On BEE transaction:		
Black Management Trust	49.0	18.0
On other share plans:	5.3	(0.8)
Performance Share Plan	3.0	2.2
Share Appreciation Plan	1.9	(3.1)
1985 Share Option Scheme	—	0.1
Deferred Bonus Plan	0.4	—
Total	54.3	17.2

BEE transaction

Black Management Trust ("BMT")

Overview

During 2005, the group issued 27 369 195 ordinary shares to the BMT as part of its black economic empowerment ("BEE") transaction at a market value of R15.13 per share. The remuneration and nominations committee is responsible for allocating rights to the BMT shares to participants. Participation in the BMT was open to all the group's black managers in South Africa up to 30 September 2010. The final allocation to black managers was made on 30 September 2010.

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 and the expense was amortised evenly over the vesting period.
- ▶ Future attrition rates have been kept constant with the previous year's estimation as the attrition levels for the current year have not changed significantly.

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

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

In the case of death or disability all rights under the BMT would be forfeited if the termination date occurred before 30 September 2008. If the termination date occurred between 30 September 2008 and 30 September 2010, rights would be proportionately forfeited so that after 30 September 2010, the beneficiary will be entitled to receive full rights under the BMT.

In the event of death or disability of a beneficiary the total number of shares vested will be calculated by means of a pre-determined formula. This benefit will be paid out in cash and is therefore treated as a cash-settled benefit.

Beneficiaries may not dispose of their rights until the end of a 10 year lock-in period on 31 December 2015.

Notes to the group financial statements continued

for the year ended 30 September 2010

22. SHARE-BASED PAYMENTS (continued)

Black Management Trust ("BMT") (continued)

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

2010 Allocation date	30 September 2010	1 April 2010	1 October 2009	1 April 2009
Outstanding at beginning of year	—	—	—	2 364 994
Granted during the year	1 830 309	4 420 666	1 843 330	—
Deaths during the year	—	—	—	—
Retirements during the year	—	—	(6 667)	(10 001)
Resignations during the year	—	(164 000)	(108 333)	(326 666)
Outstanding at end of year	1 830 309	4 256 666	1 728 330	2 028 327
2009 Allocation date				1 April 2009
Outstanding at beginning of year				—
Granted during the year				2 618 327
Deaths during the year				—
Retirements during the year				(6 667)
Resignations during the year				(246 666)
Outstanding at end of year				2 364 994

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

The calculated fair values and significant inputs into the valuation models were as follows:

2010 Allocation Date	30 September 2010	1 April 2010	1 October 2009	1 April 2009
Weighted average exercise price ¹	19.7	19.1	18.5	17.8
Weighted average fair value	3.7	3.4	2.1	1.3
Expected volatility ²	30.29%	29.42%	28.41%	28.23%
2009 Allocation Date				1 April 2009
Weighted average exercise price ¹				17.8
Weighted average fair value				1.3
Expected volatility ²				28.23%

¹These 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.

²Volatility was calculated using the EWMA methodology. This approach estimates the volatility by applying more weight to recent data.

The risk free rate used in the model was sourced from the Bond Exchange of South Africa. The ZAR zero coupon swap curve as at each valuation was used. A dividend yield of 4.5% was used in the model. The scheme has an expected life of 10 years.

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

1 October 2008	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
1 019 816	3 472 640	700 000	1 885 000	1 210 477	540 000	663 400	9 539 230
(5 000)	—	—	—	—	—	—	(5 000)
—	(20 000)	—	(5 000)	—	—	(5 000)	(91 667)
(118 333)	(405 000)	(60 000)	(195 000)	—	(30 000)	(15 000)	(550 000)
896 483	3 047 640	640 000	1 685 000	1 210 477	510 000	643 400	8 892 563

1 October 2008	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
—	3 805 000	1 255 000	1 980 000	1 305 000	870 000	755 000	10 660 000
1 089 816	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(10 000)	—	—	—	—	—	—	(103 333)
(60 000)	(332 360)	(555 000)	(95 000)	(94 523)	(330 000)	(91 600)	(1 017 437)
1 019 816	3 472 640	700 000	1 885 000	1 210 477	540 000	663 400	9 539 230

1 October 2008	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
17.5	16.6	16.4	16.3	15.9	15.7	15.3	15.4
2.1	4.3	7.7	6.7	7.2	4.5	3.7	2.6
26.74%	33.43%	31.40%	25.50%	26.20%	25.00%	24.70%	23.50%

1 October 2008	31 March 2008	30 September 2007 ¹	30 June 2007	31 March 2007	30 September 2006 ¹	31 March 2006	15 December 2005
17.5	16.6	16.4	16.3	15.9	15.7	15.3	15.4
2.1	4.3	7.7	6.7	7.2	4.5	3.7	2.6
26.74%	33.43%	31.40%	25.50%	26.20%	25.00%	24.70%	23.50%

Notes to the group financial statements continued

for the year ended 30 September 2010

22. SHARE-BASED PAYMENTS (continued)

Other share plans

Performance Share Plan and Share Appreciation Plan

Overview:

During the July 2006 the group adopted two share based payment plans, the Performance Share Plan ("PSP") and the Share Appreciation Plan ("SAP").

Participation to the Performance Share Plan is restricted to senior executives and executive directors, while participation in the Share Appreciation Plan is restricted to senior management and executive directors. Participation in both plans is subject to approval by the remuneration and nominations committee.

Both the PSP and SAP allocations are allocated on condition that certain performance criteria will be satisfied during the specific performance period for the allocation concerned.

Vesting conditions:

A summary of the PSP and SAP is tabled below, detailing the various allocations as well as the performance criteria to be met during the performance period:

Allocation date	Performance period
Performance share plan	
01 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011
04 December 2009	01/10/2009 – 30/09/2012
03 February 2010	03/02/2010 – 03/02/2013
Share Appreciation Plan	
01 July 2006	01/04/2006 – 31/03/2009
10 December 2007	01/10/2007 – 30/09/2010
10 December 2008	01/10/2008 – 30/09/2011
04 December 2009	01/10/2009 – 30/09/2012

Notes:

¹The Total Shareholder Return ("TSR") criteria are based on Nampak's TSR compared to the TSR of constituent companies of the ALSI 40, excluding mining and resource companies.

²The non-market condition is based on an improvement in Nampak's annual Headline Earnings Per Share relative to the cumulative CPI within the performance period.

For the second, third and fourth allocations of the Performance Share Plan, 50% of shares will be subject to the TSR condition and 50% will be subject to the Headline Earnings Per Share condition.

Performance below the threshold performance criteria will result in no shares/share appreciation rights vesting. If the target performance criteria is met 100% of the shares/share appreciation rights will vest proportionately between the third and fifth year of the grant so that after five years the participants will be entitled to receive full rights under the scheme.

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

Overview:

The Option Scheme has been discontinued.

Participants who cease to be employed by the Nampak group, other than through retirement, within the first three years after the allocation of such rights, will forfeit all their rights in the Option Scheme. Between the third and the fifth year of the grant, such rights will be proportionately forfeited so that after five years the beneficiary will be entitled to receive full rights under the Option Scheme.

TSR Criteria ¹		HEPS condition ²		Vesting		
Ranking compared to ALSI 40 constituent companies		Non-market condition		Performance below threshold criteria	Performance below target criteria above threshold	Performance at or above target criteria
Threshold	Target	Threshold	Target			
25	1	—	CPI + 2%	No vesting	No vesting	100%
25	1	CPI + 15%	CPI + 45%	No vesting	Proportional vesting	100%
25	1	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
25	1	CPI + 9%	CPI + 24%	No vesting	Proportional vesting	100%
n/a	n/a	CPI + 6%	CPI + 6%	No vesting	n/a	100%
—	—	CPI + 2%	CPI + 6%	No vesting	Proportional vesting	100%
—	—	—	CPI + 6%	No vesting	No vesting	100%
—	—	—	CPI + 6%	No vesting	No vesting	100%
—	—	—	CPI + 6%	No vesting	No vesting	100%

If a participant ceases to be employed by Nampak due to death, retirement or disability the number of shares/share appreciation rights capable of vesting will not be forfeited, however they will be adjusted according to the lesser of the date of termination and 36 months. Termination of employment other than listed above prior to the expiry of three years from the allocation date will result in their allocated shares/share appreciation rights being forfeited. Termination of employment after the expiry of the three years from allocation date will result in shares/share appreciation rights vesting proportionately between the third and fifth year from the allocation date.

Notes to the group financial statements continued

for the year ended 30 September 2010

22. SHARE-BASED PAYMENTS (continued)

Other share plans

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

	Performance Share Plan Share grants				
	3 February 2010	15 December 2009	10 December 2008	10 December 2007	1 July 2006
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards
2010					
Outstanding at beginning of year	—	—	1 398 054	830 613	331 340
Granted during the year	150 000	691 066	—	—	—
Forfeited during the year	—	—	—	—	—
Retirements during the year	—	—	(86 602)	(16 788)	—
Exercised during the year	—	—	—	—	(172 982)
Lapsed during the year as a result of non-market condition	—	—	—	—	—
Lapsed during the year as a result of market conditions	—	—	—	—	—
Outstanding at end of year	150 000	691 066	1 311 452	813 825	158 358
Exercisable at end of year	—	—	—	—	—
Share grants/rights outstanding at the end of the year have the following expiry dates:					
Expiry date – year ending 30 September					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					

Share Appreciation Plan Share grants						1985 Share Option Scheme Share grants			
4 December 2009		10 December 2008		10 December 2007		1 July 2006		Allocations after 7 November 2002	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
—	—	2 812 357	12.60	2 629 263	22.10	1 086 192	17.08	2 630 200	13.35
639 315	16.16	—	—	—	—	—	—	—	—
—	—	(85 000)	12.60	(85 000)	22.10	(17 667)	17.08	—	—
—	—	(16 792)	12.60	(18 805)	22.10	—	—	(513 400)	13.31
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
639 315	16.16	2 710 565	12.60	2 525 458	22.10	1 068 525	17.08	2 116 800	13.34
—	—	—	—	—	—	724 128	—	2 116 800	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	108 200	—
—	—	—	—	—	—	—	—	1 215 300	—
—	—	—	—	—	—	—	—	793 300	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	356 175	—	—	—
—	—	—	—	841 819	—	356 175	—	—	—
—	—	903 522	—	841 819	—	356 175	—	—	—
213 105	—	903 522	—	841 820	—	—	—	—	—
213 105	—	903 521	—	—	—	—	—	—	—
213 105	—	—	—	—	—	—	—	—	—

Notes to the group financial statements *continued*

for the year ended 30 September 2010

22. SHARE-BASED PAYMENTS *(continued)* Other share plans *(continued)*

	Performance Share Plan Share grants		
	10 December 2008	10 December 2007	1 July 2006
	Number of awards	Number of awards	Number of awards
2009			
Outstanding at beginning of year	—	1 239 795	1 112 639
Granted during the year	1 840 883	—	—
Forfeited during the year	(336 545)	(381 202)	(60 972)
Retirements during the year	(106 284)	(27 980)	(27 083)
Exercised during the year	—	—	(135 150)
Lapsed during the year as a result of non-market conditions	—	—	(279 047)
Lapsed during the year as a result of market conditions	—	—	(279 047)
Outstanding at end of year	1 398 054	830 613	331 340
Exercisable at end of year	—	—	20 347
Share grants/rights outstanding at the end of the year have the following expiry dates:			
Expiry date – year ending 30 September			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			

For the PSP the fair value of the performance shares allocated was calculated using the Binomial Tree methodology. At the end of the financial year ending 30 September 2010 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 2010.

For the SAP the fair value of the share rights allocated was calculated using the Black-Scholes framework. An early exercise factor of 2 was estimated at the time of performing the valuation, this was determined per grade by reviewing the historic exercise behaviour of participants of the old Nampak share scheme as a ratio of exercise price to grant price. This expense should be amortised over the vesting period of the shares, however at the end of the financial year ending 30 September 2010 it is not expected that the performance criterion will be met and no expense was recognised in the current year.

Share Appreciation Plan Share grants				1985 Share Option Scheme Share grants			
10 December 2008		10 December 2007		1 July 2006		Allocations after 7 November 2002	
Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price	Number of allocations	Weighted average exercise price
—	—	3 042 421	22.10	2 319 667	17.08	3 271 300	13.32
3 095 218	12.60	—	—	—	—	—	—
(233 077)	12.60	(165 699)	22.10	(117 500)	17.07	(449 000)	13.65
(49 784)	12.60	(247 459)	22.10	(8 444)	17.07	—	—
—	—	—	—	—	—	(192 100)	12.34
—	—	—	—	(1 107 531)	17.07	—	—
2 812 357	12.60	2 629 263	22.10	1 086 192	17.08	2 630 200	13.35
—	—	—	—	362 064	—	2 630 200	—
—	—	—	—	—	—	108 200	—
—	—	—	—	—	—	1 538 700	—
—	—	—	—	—	—	983 300	—
—	—	—	—	—	—	—	—
—	—	—	—	362 064	—	—	—
—	—	876 421	—	362 064	—	—	—
937 452	—	876 421	—	362 064	—	—	—
937 452	—	876 421	—	—	—	—	—
937 452	—	—	—	—	—	—	—

Notes to the group financial statements continued

for the year ended 30 September 2010

22. SHARE BASED PAYMENTS (continued)

Deferred Bonus Plan

During February 2010 the group adopted the Deferred Bonus Plan.

Participation in the plan is limited to executive directors of the group and its divisions. Participants were entitled to use a pre-determined percentage of their annual bonus after tax to purchase shares ("Bonus Shares") in Nampak Limited.

A Matching Award, which is based on the number of Bonus Shares acquired and still held at the vesting date, is made to all participants. For example if 100 Bonus Shares were acquired and are still held at the vesting date, the Matching Award will consist of 100 Matching Shares.

The participants are the owners of the Bonus Shares from date of acquisition and have all shareholder rights in respect of the Bonus Shares from this date. Participants are entitled to withdraw from the plan and dispose of their shares at any time, but this will impact their ability to receive Matching Shares.

The calculated fair values and significant inputs into the valuation models were as follows:

	3 February 2010	15 December 2009	PSP Allocations		1 July 2006
			10 December 2008	10 December 2007	
Weighted average exercise price	—	—	—	—	—
Weighted average fair value	13.67	9.61	5.51	¹	6.95
Expected volatility	25.9%	25.9%	26.0%	24.4%	37.1%
Expected life	3 years	5 years	5 years	5 years	5 years
Remaining life	2.3 years	4.2 years	3.2 years	2.2 years	0.7 years
Risk-free rate	7.8%	8.3%	8.8%	8.6%	7.1%
Expected dividend yield	4.5%	4.5%	4.5%	4.2%	5.6%

¹Value of the TSR condition is R10.63.

²The fair value was determined by calculating a weighted average of the fair values per grade.

Expected volatility was determined with reference to historical volatility. The expected useful life used in the model has been adjusted, based on management's best estimate, for the effects of forfeitures, exercise restrictions and behavioural considerations.

The Matching Award will vest at the end of the Deferred Bonus Plan period ("DBP period") on the 22 February 2013 ("the vesting date"), provided that the Bonus Shares are still held and the participant is still employed by the group.

Participants have no rights in respect of Matching Shares until after the vesting date.

154 173 Bonus Shares were purchased during the current financial year. This will result in 154 173 Matching Shares being allocated on the vesting date. No forfeitures or retirements occurred during the current year.

4 December 2009	SAP Allocations		1 July 2006	The option scheme	Deferred bonus plan
	10 December 2008	10 December 2007			
16.2	12.6	22.1	17.1	13.3	—
5.37 ²	4.87 ²	5.01 ²	6.89	5.25	14.50
31.0%	34.0%	26.0%	37.1%	23.4%	—
10 years	10 years	10 years	5 years	10 years	3 years
9.8 years	8.8 years	7.2 years	0.7 years	3.1 years	2.2 years
8.3%	8.8%	7.8%	7.1%	8.3%	—
4.5%	4.5%	7.2%	5.6%	3.2%	4.5%

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
23. FINANCE COSTS		
Interest paid – short-term facilities	239.5	438.2
Interest paid – long-term facilities	56.6	35.8
Interest paid – other	0.9	3.7
Less: Interest capitalised	(37.0)	(36.0)
	260.0	441.7
Borrowing costs capitalised to qualifying assets are calculated by applying a capitalisation rate of 9.2% (2009: 11.5%) to expenditure on those assets.		
24. FINANCE INCOME		
Interest received – short-term facilities	7.7	56.3
Interest received – joint ventures	26.3	34.4
Interest received – other	23.4	23.1
	57.4	113.8
25. INCOME FROM INVESTMENTS		
Normal dividends	6.0	5.5
26. INCOME TAX		
Current tax		
– Current year	96.4	391.7
– Prior year	(0.3)	(27.2)
– Capital gains tax	0.4	—
Deferred tax		
– Current year	188.1	(311.5)
– Prior year	0.6	7.2
– Change in tax rate	(6.3)	—
– Capital gains tax	(0.1)	(0.1)
Secondary tax on companies	33.5	6.6
Withholding and foreign tax	3.5	3.5
Total	315.8	70.2

The company tax rate in South Africa is 28% (2009: 28%) of the estimated assessable profit for the year. Taxation for other relevant jurisdictions is calculated at the rates prevailing in those jurisdictions.

		2010	2009
26. INCOME TAX <i>(continued)</i>			
Reconciliation of rate of tax			
Effective group rate of tax	%	27.4	25.8
Reduction in tax charge due to:			
– dividend income	%	—	0.6
– exempt income (including capital profits)	%	2.0	1.2
– government incentives	%	1.9	11.4
– deferred tax assets created	%	2.0	10.4
– adjustment for prior year	%	—	7.3
– tax rate reduction	%	0.6	—
– tax rate differential	%	1.2	6.7
– lump sum pension contributions claimed	%	1.2	—
Increase in tax rate due to:			
– deferred taxation not recognised	%	(0.6)	(7.0)
– capital gains tax	%	—	(0.4)
– disallowable expenses	%	(1.9)	(16.1)
– disallowed impairments	%	(0.8)	(5.4)
– imputed income – section 9D	%	(0.5)	(1.0)
– secondary tax on companies	%	(2.9)	(2.4)
– share-based payment expense	%	(1.3)	(1.8)
– withholding taxes	%	(0.3)	(1.3)
Normal tax rate	%	28.0	28.0

In addition to the income tax expense charge to profit or loss, a deferred tax credit of R34.5 million (2009: R52.6 million) has been recognised in other comprehensive income for the year.

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
27. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Final dividend No 75 paid on 18 January 2010: 24.0 cents per share	158.4	—
Interim dividend No 76 paid on 12 July 2010: 25.0 cents per share	165.1	—
Dividend attributable to treasury shares	(35.5)	—
	288.0	—
Other dividends	1.2	1.7
Net dividends paid	289.2	1.7
Cash distributions from share premium		
Final cash distribution No 6 paid on 19 January 2009: 72.0 cents per share	—	473.9
Interim cash distribution No 7 paid on 13 July 2009: 18.0 cents per share	—	118.4
Cash distribution attributable to treasury shares	—	(65.2)
Net cash distribution paid	—	527.1
Total dividends and cash distributions	289.2	528.8
Secondary tax on companies ("STC") on dividends	10.0%	10.0%

On 22 November 2010, the directors declared a dividend No 77 of 58.0 cents per share, payable on 17 January 2011 to shareholders registered on 7 January 2011. This dividend has not been included as a liability in these financial statements.

	Cents	Cents
Analysis of dividends/cash distributions declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	25.0	—
Final	58.0	—
Cash distributions per ordinary share		
Interim	—	18.0
Final	—	24.0
	83.0	42.0

6.5% and 6% cumulative preference dividends

Preference dividends totalling R0.1million (2009: R0.1million) were declared on 23 November 2009 and 24 June 2010, and paid on 1 February 2010 and 2 August 2010 respectively.

	2010 R million	2009 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 R825.8 million (2009: R204.7 million) and the weighted average of 587 782 373 (2009: 585 857 922) ordinary shares in issue during the year.		
The calculation of fully diluted earnings per ordinary share is based on earnings of R847.8 million (2009: R227.7 million) and the weighted average of 610 574 380 (2009: 602 185 412) ordinary shares in issue during the year.		
Determination of basic earnings		
Net profit attributable to equity holders of the company	825.9	204.8
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	825.8	204.7
Determination of diluted earnings		
Basic earnings	825.8	204.7
Dividend paid to preference share funders	22.0	23.0
Diluted earnings	847.8	227.7
Headline earnings per share		
Basic (cents per share)	149.7	83.8
Diluted (cents per share)	147.7	85.3

The calculation of headline earnings per ordinary share is based on earnings of R879.9 million (2009: R490.7 million) and the weighted average of 587 782 373 (2009: 585 857 922) ordinary shares in issue during the year.

The calculation of fully diluted headline earnings per ordinary share is based on earnings of R901.9 million (2009: R513.7 million) and the weighted average of 610 574 380 (2009: 602 185 412) ordinary shares in issue during the year.

Determination of headline earnings

2010	Gross R million	Net R million
Basic earnings		825.8
Adjusted for:		
Net impairment losses on goodwill, plant, equipment, intangible assets and investments	107.1	77.1
Net loss on disposal of businesses and other investments	2.9	2.1
Net profit on disposal of property, plant, equipment and intangible assets	(23.9)	(25.1)
Headline earnings		879.9
2009		
Basic earnings		204.7
Adjusted for:		
Net impairment losses on goodwill, plant, equipment and intangible assets	389.8	282.4
Net profit on disposal of businesses and other investments	(26.7)	(20.1)
Net loss on disposal of property, plant, equipment and intangible assets	33.0	23.7
Headline earnings		490.7

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
28. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE <i>(continued)</i>		
Determination of diluted headline earnings		
Headline earnings	879.9	490.7
Dividend paid to preference share funders	22.0	23.0
Diluted headline earnings	901.9	513.7
Determination of diluted average shares (number of shares)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	587 782 373	585 857 922
Effect of dilutive potential ordinary shares:		
Preferred ordinary shares issued to Red Coral Investments 23 (Pty) Limited	17 245 072	12 345 517
Other share incentive plans	5 546 935	3 981 973
Weighted average number of ordinary shares for the purpose of diluted earnings per share	610 574 380	602 185 412
	2010 R million	2009 R million
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		
2010	—	100.4
2011	89.2	80.7
2012	70.4	75.7
2013	45.9	44.0
2014	31.0	82.5
2015 and beyond	69.6	—
Total	306.1	383.3
<i>Comprising:</i>		
Land and buildings	232.0	299.6
Vehicles	26.2	26.6
Other	47.9	57.1
	306.1	383.3
30. CONTINGENT LIABILITIES		
Guarantees in respect of property leases	3.1	2.1
Customer claims and other	2.4	15.1
Total	5.5	17.2
31. CAPITAL COMMITMENTS		
Capital commitments for the acquisition of property, plant and equipment		
– contracted	304.8	357.0
– approved	177.5	236.0
Total	482.3	593.0
The group's share of capital commitments for property, plant and equipment of its jointly controlled entities is:	78.8	77.8

	2010 R million	2009 R million
32. POST-BALANCE SHEET EVENTS		
Effective 1 October 2010, the group purchased the entire shareholding of FourFourTwo Limited and its subsidiaries.		
Discussions are at an advanced stage with regards to the disposal of the Cartons and Healthcare businesses in Europe.		
The results of these businesses constitute the Europe paper segment.		
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 is provided in notes 6 and 7. Details of joint ventures and associates are detailed in Annexure A.		
Material related party transactions were as follows:		
Sales and services rendered to related parties:		
Associates	23.3	43.2
Joint ventures	0.8	0.5
	24.1	43.7
Purchases and services received from related parties:		
Contributions to the Nampak Medical Aid Society in respect of current employees	84.3	80.0
Interest received from related parties:		
Joint ventures	26.3	34.4
Interest paid to related parties:		
Joint ventures	6.2	0.3
Joint venture partner	23.2	26.6
	29.4	26.9
Amounts owing (after eliminating intercompany balances) by related parties are disclosed in the respective notes to the financial statements for those items.		
Amounts receivable from related parties:		
Loans to joint ventures	262.0	260.2
Amounts payable to related parties:		
Loans from joint venture partner	250.3	240.8

Notes to the group financial statements continued

for the year ended 30 September 2010

33. RELATED PARTY TRANSACTIONS *(continued)*

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly (executive or otherwise). Key management personnel have been defined as the board of directors of the holding company and the group executive committee.

A number of key management personnel hold positions in related entities where they may have significant influence over the financial and operating policies of those entities. These relationships have been listed below:

Key management member	Entity	Position in entity
RC Andersen	Aspen Pharmacare Holdings Limited	Non-executive director
	Murray & Roberts Holdings Limited	Non-executive chairman
	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
RJ Khoza	Nedbank Group Limited	Non-executive chairman
	Aka Capital (Pty) Limited	Executive chairman
CWN Molohe	Red Coral Investments 23 (Pty) Limited	Shareholder
PM Surgey	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
FV Tshiqi	Nampak Group Pension Fund	Employer trustee
	Nampak SA Medical Aid Scheme	Employer trustee (Chairman)
NP O'Brien	Nampak Group Pension Fund	Employer trustee

Transactions between the group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Related party transactions include:

a) Except for the dividends paid to preferred ordinary shareholders in Red Coral, which have been eliminated at group level, there were no other transactions with Red Coral.

Certain non-executive directors of the group are also non-executive directors of other public companies which may transact with the group. Except as disclosed above, the relevant individuals do not believe that they have significant influence over the financial and operating policies of those companies.

Compensation relating to key management personnel

The remuneration of executive directors and other members of key management during the year was as follows:

	2010 R million	2009 R million
Short-term employee benefits	48.3	61.6
Post-employment benefits	0.2	0.2
Termination benefits	—	19.0
Share-based payments	5.8	4.1
	54.3	84.9

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 35.

	2010 R million	2009 R million
34. NOTES TO THE CASH FLOW STATEMENTS		
34.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	1 150.7	272.3
Adjustment for:		
Depreciation and amortisation	709.1	811.3
Net (profit)/loss on disposal of businesses, property, plant, equipment and intangible assets	(21.0)	3.5
Financial instruments fair value adjustment	12.0	54.1
Cash flow hedge ineffectiveness	—	0.6
Income from investments	(6.0)	(5.5)
Net defined benefit plan expense	103.1	113.0
Impairment losses	112.4	427.2
Reversal of impairment losses	(2.1)	(0.5)
Non-controlling shareholder loan waived	(14.9)	—
Share of (profit)/loss in associates	(3.6)	0.5
Share based payments expense	54.3	17.2
Net finance costs	202.6	327.9
Cash generated from operations before working capital changes	2 296.6	2 021.6
Decrease/(increase) in inventories	260.6	(172.7)
Decrease in trade receivables and other current assets	43.9	203.6
(Decrease)/increase in trade payables and other current liabilities	(92.2)	167.5
Cash generated from operations	2 508.9	2 220.0

Notes to the group financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
34. NOTES TO THE CASH FLOW STATEMENTS <i>(continued)</i>		
34.2 Acquisition of business		
During the prior year, the group acquired the entire equity of Storey Evans Holdings Limited. The fair values of assets acquired and liabilities assumed at that date are as follows:		
Non-current assets	—	36.5
Net working capital	—	(38.0)
Cash	—	0.3
		(1.2)
Goodwill arising on acquisition	—	43.7
Total purchase consideration	—	42.5
Less: Cash acquired	—	(0.3)
	—	42.2
34.3 Disposal of businesses		
During the year, the group disposed of the group's shareholding in Cartonagens de Mocambique LDA to the non-controlling shareholder with effect from 30 April 2010. In the prior year, the group disposed of the Flexpak Meadowbrook operation. The fair values of assets and liabilities disposed of are as follows:		
Non-current assets	24.7	9.3
Net working capital	19.7	1.8
Overdraft	(0.6)	—
Goodwill realised on disposal	0.4	—
Net assets disposed	44.2	11.1
Non-controlling interest	(1.6)	—
Release of foreign currency translation reserve	2.1	—
(Loss)/profit on disposal of businesses	(2.9)	26.7
Total disposal consideration	41.8	37.8
Less: Deferred sales proceeds	(26.1)	—
Consideration received	15.7	37.8
Add: Overdraft disposed	0.6	—
Net inflow on disposal	16.3	37.8

	2010 R million	2009 R million
34. NOTES TO THE CASH FLOW STATEMENTS <i>(continued)</i>		
34.4 Short-term loans and commercial paper The short-term loans and commercial paper are managed as part of the ongoing cash management of the group.		
34.5 Cash and cash equivalents Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts: Bank balances, cash and deposits Bank overdraft (note 15) Net cash and cash equivalents included in non-current assets held for sale (note 13)	718.6 (455.5) —	1 016.1 (619.3) 1.1
	263.1	397.9

Company statement of financial position

at 30 September 2010

	Notes	2010 R million	2009 R million
ASSETS			
Non-current assets			
Investment in associate	1	10.0	9.4
Investment in subsidiaries	2	2 825.4	2 772.0
Other non-current financial assets	3	414.4	350.6
		3 249.8	3 132.0
Current assets			
Other receivables		0.3	2.9
Subsidiary companies	12	1 722.9	1 120.4
Bank balances, deposits and cash	4	0.6	411.3
		1 723.8	1 534.6
Total assets		4 973.6	4 666.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	35.7	35.6
Capital reserves	5	606.3	538.4
Other reserves	5	2.3	3.3
Retained earnings	5	3 591.3	3 356.7
Total equity		4 235.6	3 934.0
Current liabilities			
Other payables	6	8.2	6.4
Subsidiary companies	12	724.2	723.3
Tax liabilities		5.6	2.9
Total liabilities		738.0	732.6
Total equity and liabilities		4 973.6	4 666.6

Company statement of comprehensive income

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Employee benefit expense		3.1	3.5
Other operating expenses		2.6	179.9
Other operating income		479.8	0.1
Operating profit/(loss)	7	474.1	(183.3)
Finance income	8	2.6	26.0
Income from investments	9	175.5	371.2
Share of profit of associate	1	0.2	0.1
Profit before tax		652.4	214.0
Income tax expense	10	62.4	52.5
Total comprehensive income for the year		590.0	161.5

Company statement of changes in equity

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Opening balance		3 934.0	4 368.8
Net shares issued during the year		19.5	13.7
Share-based payment expense		54.3	17.2
Share grants exercised		(3.4)	(2.7)
Share grants forfeited after vesting date		(2.4)	(0.3)
Share of movement in associate's non-distributable reserves		(1.0)	—
Total comprehensive income for the year		590.0	161.5
Dividends paid		(355.4)	(31.9)
Capital distributions from share premium		—	(592.3)
Closing balance		4 235.6	3 934.0
Comprising:			
Share capital	5	35.7	35.6
Capital reserves	5	606.3	538.4
Share premium		265.8	246.4
Share-based payments reserve		340.5	292.0
Other reserves	5	2.3	3.3
Share of non-distributable reserve in associates		2.3	3.3
Retained earnings	5	3 591.3	3 356.7
Total equity		4 235.6	3 934.0

Company statement of cash flows

for the year ended 30 September 2010

	Notes	2010 R million	2009 R million
Cash flows from operating activities			
Cash (utilised in)/retained from operations	13.1	(191.8)	528.3
Income from investments		175.5	371.2
Interest received		2.6	26.0
Income tax paid		(59.7)	(61.2)
Cash flows from operations		(73.4)	864.3
Dividends paid		(355.4)	(31.9)
Cash distribution from share premium		—	(592.3)
Cash (utilised in)/retained from operating activities		(428.8)	240.1
Cash flows from investing activities			
Increase in non-current financial assets and investments		(1.4)	—
Cash utilised in investing activities		(1.4)	—
Cash flows from financing activities			
Capital proceeds from issue of shares		19.5	13.7
Cash retained from financing activities		19.5	13.7
Net (decrease)/increase in cash and cash equivalents		(410.7)	253.8
Cash and cash equivalents at beginning of year		411.3	157.5
Cash and cash equivalents at end of year	13.2	0.6	411.3

Notes to the company financial statements

for the year ended 30 September 2010

	2010 R million	2009 R million
1. INVESTMENT IN ASSOCIATE		
(Refer to Annexure A for details)		
Cost of investment in associate	4.7	3.3
Share of other post-acquisition reserves	2.3	3.3
Share of post-acquisition profit, net of dividend received	3.0	2.8
Opening balance	2.8	2.7
Share of current year profit	0.2	0.1
	10.0	9.4
The group has obligations in respect of losses from its associate to the extent of the carrying value of the investment.		
Summarised financial information in respect of the company's associate is set out below:		
Revenue	84.3	86.0
Profit for the year	0.5	0.3
Total assets	301.5	404.6
Total liabilities	271.8	376.1
Net assets	29.7	28.5
Company's share of associate's net assets	10.0	9.4
2. INVESTMENTS IN SUBSIDIARIES		
(Refer to Annexure A for details)		
Interest in subsidiaries	3 880.3	3 880.3
Share-based payments contribution	117.6	65.7
Net amount due by subsidiaries ¹	310.5	310.8
Less: Impairment losses	(1 483.0)	(1 484.8)
Shares at cost less impairments	2 825.4	2 772.0
Directors' valuation	2 825.4	2 772.0
¹ The loans do not bear interest and have payment terms.		
3. OTHER NON-CURRENT FINANCIAL ASSETS		
Residual right in Nampak Black Management Trust	414.1	—
Grant to Nampak Black Management Trust	—	414.1
Less: Impairment losses	—	(63.5)
Net after impairment losses	414.1	350.6
Other	0.3	—
Total	414.4	350.6

In September 2005, Nampak Limited made a founding grant to the Black Management Trust (BMT) on behalf of the employer companies. Following the final allocations to participants in the BMT, the founding grant was recovered from the employer companies. However, Nampak still has a right as a residual beneficiary of the BMT.

	2010 R million	2009 R million
4. BANK BALANCES, DEPOSITS AND CASH		
Cash at bank and on hand	0.6	2.6
Short-term bank deposits	—	408.7
Total	0.6	411.3

5. CAPITAL AND RESERVES
Reconciliation of movement in capital and reserves

	Share capital R million	Share premium R million	Share- based payments reserve R million	Share of non-dis- tributable reserve in associates R million	Retained earnings R million	Total equity R million
At 1 October 2008	35.5	825.1	277.8	3.3	3 227.1	4 368.8
Employee share option scheme:						
– value of employee services	—	—	17.2	—	—	17.2
– share grants exercised	—	—	(2.7)	—	—	(2.7)
– proceeds from shares issued	0.1	13.6	—	—	—	13.7
– share grants forfeited after vesting date	—	—	(0.3)	—	—	(0.3)
Profit for the year	—	—	—	—	161.5	161.5
Dividends paid	—	—	—	—	(31.9)	(31.9)
Cash distribution from share premium	—	(592.3)	—	—	—	(592.3)
At 30 September 2009	35.6	246.4	292.0	3.3	3 356.7	3 934.0
Employee share option scheme:						
– value of employee services	—	—	54.3	—	—	54.3
– share grants exercised	—	—	(3.4)	—	—	(3.4)
– proceeds from shares issued	0.1	19.4	—	—	—	19.5
Share grants forfeited after vesting date	—	—	(2.4)	—	—	(2.4)
Share of movement in associate's non-distributable reserves	—	—	—	(1.0)	—	(1.0)
Profit for the year	—	—	—	—	590.0	590.0
Dividends paid	—	—	—	—	(355.4)	(355.4)
Release of reserve on restructure of subsidiary	—	—	—	—	—	—
At 30 September 2010	35.7	265.8	340.5	2.3	3 591.3	4 235.6

Notes to the company financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
5. CAPITAL AND RESERVES (continued)		
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:		
660 777 659 (2009: 659 264 090) ordinary shares of 5 cents each	33.1	33.0
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	35.7	35.6
24 999 638 (2009: 26 273 515) 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 (Pty) 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	265.8	246.4
Share-based payments reserve	322.4	292.0
Capital reserves	588.2	538.4
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	659 264 090	658 141 761
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme	1 335 100	952 200
Ordinary shares allotted to employees and retired employees other than directors in terms of the Performance Share Plan	163 677	151 631
Ordinary shares allotted to a director in terms of the Performance Share Plan	14 792	18 498
Number of ordinary shares issued at end of year	660 777 659	659 264 090

Preferred ordinary shares

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

Preference shares

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

	2010 R million	2009 R million
6. OTHER PAYABLES		
Accruals	8.1	6.3
Other	0.1	0.1
Total	8.2	6.4
Accruals principally comprise amounts outstanding for ongoing costs. The directors consider that the carrying amount of other payables approximates their fair value.		
7. OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is stated after taking into account the following item:		
Impairment loss on investments in subsidiaries and other non-current financial assets	—	(172.4)
Reversal of impairment loss in subsidiaries and other non-current financial assets	65.3	—
Residual right in Nampak Black Management Trust	414.1	—
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.		
8. FINANCE INCOME		
Interest received – current facilities	2.6	26.0
9. INCOME FROM INVESTMENTS		
Normal dividends – South African	82.3	240.0
Interest received from subsidiaries	87.0	126.0
Fees	6.2	5.2
	175.5	371.2

Notes to the company financial statements continued

for the year ended 30 September 2010

		2010 R million	2009 R million
10. INCOME TAX			
Current tax			
– Current year		32.8	46.1
– Prior year		(3.7)	(0.3)
Secondary tax on companies		33.3	6.7
Total		62.4	52.5
The company tax rate in South Africa is 28% (2009: 28%) of the estimated assessable profit for the year.			
Reconciliation of rate of tax			
Effective company rate of tax	%	9.6	24.5
Reduction in tax charge due to:			
– dividend income	%	3.5	31.4
– adjustment for prior year	%	0.6	0.1
– reversal of impairment	%	2.8	—
– exempt taxable income	%	17.8	—
Increase in tax charge due to:			
– disallowable expenses	%	(0.3)	(23.7)
– amounts not credited to the income statement	%	—	(1.3)
– imputed income – section 9D	%	(0.9)	—
– secondary tax on companies	%	(5.1)	(3.0)
Normal tax rate	%	28.0	28.0

	2010 R million	2009 R million
11. DIVIDENDS AND CASH DISTRIBUTIONS		
Dividends paid		
Final dividend No 75 paid on 18 January 2010: 24.0 cents per share	158.4	—
Interim dividend No 76 paid on 12 July 2010: 25.0 cents per share	165.1	—
	323.5	
Other dividends (including preferred ordinary dividends)	31.9	31.9
Total dividends paid	355.4	31.9
Cash distributions from share premium		
Final cash distribution No 6 paid on 19 January 2009: 72.0 cents per share	—	473.9
Interim cash distribution No 7 paid on 13 July 2009: 18.0 cents per share	—	118.4
Total cash distributions paid	—	592.3
Total dividends and cash distributions	355.4	624.2
Secondary tax on companies ("STC") on dividends	10.0%	10.0%
On 22 November 2010, the directors declared a dividend No 77 of 58.0 cents per share, payable on 17 January 2011 to shareholders registered on 7 January 2011. This dividend has not been included as a liability in these financial statements.		
	Cents	Cents
Analysis of dividends/cash distributions declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	25.0	—
Final	—	—
Cash distributions per ordinary share	58.0	
Interim	—	18.0
Final	—	24.0
	83.0	42.0

Notes to the company financial statements continued

for the year ended 30 September 2010

	2010 R million	2009 R million
12. RELATED PARTY TRANSACTIONS		
The company entered into various transactions with subsidiaries and special purpose entities which are deemed to be controlled by the group during the year. Interest, dividends and fees received from these entities are listed in note 9		
Non-current amounts payable by such entities are included in note 2.		
Current amounts due by subsidiary companies are as follows:		
Nampak Products Limited ¹	1 707.6	1 120.4
Disaki (Pty) Limited ¹	0.8	—
Interpak Books (Pty) Limited ¹	2.9	—
Nampak Wiegand Glass (Pty) Limited ¹	11.6	—
	1 722.9	1 120.4
Current amounts outstanding to subsidiary companies are as follows:		
Metal Box South Africa Limited ²	—	11.7
Nampak Share Purchase Trust ²	1.1	0.2
Nampak Products Limited ²	369.2	357.5
Malbak Limited ²	353.9	353.9
	724.2	723.3
¹ These loans bear interest at the average deposit rate and have no fixed repayment terms.		
² These loans do not bear interest and have no fixed repayment terms.		
Treasury shares		
Treasury shares are shares of the company, held by a subsidiary 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 US\$9.3 million (2009: US\$11.7 million) in favour of Citibank N.A. South Africa branch in respect of the loan facilities entered into between Nampak Cartons Nigeria Limited and Nampak Properties Nigeria Limited with Nigeria International Bank Limited.	64.8	87.7
Guarantee for an amount not exceeding R20 million in favour of Concor Holdings (Pty) Limited in respect of the civil and building works for the paper mill at the Nampak Corrugated factory in Rosslyn.		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.	8.3	9.0
Guarantee for an amount not exceeding US\$2 million on behalf of Nampak International Limited in favour of Arcelor Mittal.	13.9	15.0
Guarantee for an amount not exceeding US\$0.5 million on behalf of Nampak International Limited in favour of Sappi Deutschland.	3.5	3.8
Guarantee for an amount not exceeding R1.2 million on behalf of Nampak Products Limited in favour of Unilever SA Home & Personal Care (Pty) Limited for the supply and installation of case erectors and case sealers.	1.2	1.2
Guarantee for an amount not exceeding R750 million on behalf of Nampak Products Limited in favour of noteholders for the commercial paper programme.	750.0	750.0
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for a non-current loan.	1 000.0	1 000.0

	2010 R million	2009 R million
12. RELATED PARTY TRANSACTIONS <i>(continued)</i>		
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	3.1	3.1
The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.		
13. NOTES TO THE CASH FLOW STATEMENT		
13.1 Reconciliation of profit before taxation to cash (utilised in)/retained from operations		
Profit before taxation	652.4	214.0
Adjustment for:		
Income from investments	(175.5)	(371.2)
Net impairment (reversal)/loss	(65.3)	172.4
Residual right in Nampak Black Management Trust	(414.1)	—
Share of profit in associate	(0.2)	(0.1)
Net finance income	(2.6)	(26.0)
Cash utilised in operations before working capital changes	(5.3)	(10.9)
Decrease in other receivables	2.6	0.2
Decrease in other payables	(1.6)	(0.8)
Movement in subsidiary company loans	(187.5)	539.8
Cash (utilised in)/retained from operations	(191.8)	528.3
13.2 Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Bank balances, deposits and cash	0.6	411.3

Interest in subsidiaries, joint ventures and associates

ANNEXURE A

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2010 %	2009 %	Shares at cost		Indebtedness	
						2010 Rm	2009 Rm	2010 Rm	2009 Rm
1. SUBSIDIARIES (CONSOLIDATED)									
Angolata Lda	O	Angola	K4 580 650	70	—		—		
Blowmopan Holdings Ltd	I	UK	£1 000	100	100				
Burcap Plastics (Pty) Ltd	D	RSA	R100	100	100				
Cartonagens de Mocambique LDA	O	Mozambique	MZM20 000 000	—	55			—	0.3
Crown Cork Co Zambia Ltd	O	Zambia	ZMK194 285 714	100	100				
Disaki Cores and Tubes (Pty) Ltd	O	RSA	R1 000	70	70				
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100				
Interpak Books (Pty) Ltd	O	RSA	R1 000	75	75				
Kohler Packaging Ltd	D	RSA	R3 198 495	100	100	8.0	8.0	310.5	310.5
Malbak Ltd	I	RSA	R353 864 160	100	100	1 836.8	1 836.8	—	—
Metal Box (Namibia) (Pty) Ltd	D	Namibia	N\$1	100	100				
Metal Box South Africa Ltd	D	RSA	R68 153 240	100	100				
Nampak Cartons & Healthcare Ltd	O	UK	£142	100	100				
Nampak Cartons BV	O	Netherlands	€22 700	100	100				
Nampak Cartons Europe BV	I	Netherlands	€23 205	100	100				
Nampak Cartons Nigeria Limited	O	Nigeria	NGN14 000 000	100	100				
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90				
Nampak Corrugated PMB (Pty) Ltd	D	RSA	R100	100	100				
Nampak Healthcare Darmstadt GmbH	O	Germany	€26 000	100	100				
Nampak Healthcare Ireland Limited	O	Ireland	€20 316	100	100				
Nampak Healthcare Italy SRL	O	Italy	€3 000 000	100	100				
Nampak Healthcare Luxembourg SA	O	Luxembourg	€31 000	100	100				
Nampak Healthcare Sarreguemines SARL	O	France	€266 786	100	100				
Nampak Healthcare SCI	O	France	€7 622	100	100				
Nampak Healthcare Wolfen GmbH	O	Germany	€25 600	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 Limited	Insurance	Isle of Man	£100 000	100	100				
Nampak International Ltd	I	Isle of Man	£72 682	100	100	1 889.3	1 889.3	—	—
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100				
Nampak Leasing (Pty) Ltd	F	RSA	R100	100	100				
Nampak Liquid Botswana (Pty)Ltd	O	Botswana	BWP100	100	100				
Nampak Metal Packaging Ltd	D	RSA	R9 134	100	100				
Nampak Nigeria Plc	O/L	Nigeria	NGN107 044 183	57	57				
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	D	RSA	R20 000	100	100				
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 Properties Nigeria Limited	P	Nigeria	NGN14 000 000	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				

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2010 %	2009 %	2010 Rm	2009 Rm	2010 Rm	2009 Rm
1. SUBSIDIARIES (CONSOLIDATED) <i>(continued)</i>									
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Tissue (Pty) Ltd	D	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000 000	100	100				
Packaging Industries Malawi Ltd	O/L	Malawi	MWK13 450 000	60	60				
Printech Systems BV	O	Netherlands	€18 000	100	100				
Storey Evans Holdings Ltd	I	UK	£20	100	—				
Storey Evans & Company Ltd	O	UK	£1 030 000	100	—				
Teknol BV	I	Netherlands	€18 151	100	100				
Teknol NV	I	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						3 880.3	3 880.3	310.5	310.8
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	R11 300	34	33				

Interest in subsidiaries, joint ventures and associates continued

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2010 %	2009 %	2010 Rm	2009 Rm	2010 Rm	2009 Rm
3. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (NOT CONSOLIDATED)									
CarnaudMetalbox Zimbabwe Ltd	O	Zimbabwe	ZWD19 799 000	100	100				
Crown Cork Co Zimbabwe (1958) (Pvt) Ltd	O	Zimbabwe	ZWD1 421 000	100	100				
Megaplastics Ltd	I	Zimbabwe	ZWD2	100	100				
Hunyani Holdings Ltd	O/L	Zimbabwe	ZWD31 391 103	39	39				
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	ZWD20	49	49				
Sun Citrus Packers (Pty) Ltd	O	South Africa	R16 000 000	26	26				

Type

O – Operating F – Finance I – Investment holding P – Property owning L – Listed D – Dormant

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 is 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 2010 is R941.7 million (2009: R420.4 million). The aggregate amount of losses attributable to the holding company is R51.1 million (2009: R178.3 million).

Investments

ANNEXURE B

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2010	2009	2010	2009
UNLISTED INVESTMENTS					
Ethiopian Crown Cork and Can Manufacturing Industries S.C.	O	5 750	5 750	25	25
Houers Ko-Operatief Bpk	O	1 714 901	1 714 901	15	15
Lesedi Clinic (Soweto) (Pty)Ltd	O	250	250	< 1	< 1
AquaHarvest Ltd (formerly New Farmers Development Corporation Ltd)	O	150 586	150 586	< 1	< 1
Nampak Polyfoil Zimbabwe (Pvt) Ltd	O	1	1	< 1	< 1

Type

O – Operating

Notice of annual general meeting

NAMPAK LIMITED

Notice is hereby given that the forty-third annual general meeting of shareholders of Nampak Limited will be held in the "JSE One" Room, situated on the 12th Floor of the Radisson BLU Hotel Sandton, corner Rivonia Road and Daisy Street, Sandton, South Africa on Tuesday 1 February 2011 at 12:00 to consider and, if approved, to pass with or without modification, ordinary and special resolutions as detailed below:

Ordinary resolution number 1

To adopt the annual financial statements of the company and of the group for the year ended 30 September 2010.

Ordinary resolution number 2

To confirm the appointment of Mr TT Mboweni as a non-executive director of the company.

Ordinary resolution number 3

To confirm the re-election of Mrs CWN Molohe as a non-executive director of the company.

Ordinary resolution number 4

To confirm the re-election of Mr RC Andersen as a non-executive director of the company.

Ordinary resolution number 5

To confirm the re-election of Mr PM Madi as a non-executive director of the company.

Ordinary resolution number 6

To approve the fees payable by the company to the non-executive directors with effect from 1 October 2010 as follows:

Board/committee	Base fee per annum	Proposed fees		Total proposed fee per annum	Current fees Total fee per annum
	R	Fee per meeting for attendance	Number of formal meetings scheduled per annum		R
Non-executive chairman*	1 210 000	Single fee for role of chairman [†]		1 210 000	1 050 000
Non-executive directors**	100 300	12 450	6	175 000	140 500
Chairman of the audit committee**	100 000	25 000	3	175 000	140 500
Member of the audit committee**	49 000	12 000	3	85 000	70 500
Member of the nomination committee**	47 250	5 750	2	58 750	15 000
Chairman of the remuneration committee**	70 250	17 250	3	122 000	106 000
Member of the remuneration committee**	47 250	5 750	3	64 500	56 000
Chairman of the risk and sustainability committee**	70 250	17 250	2	104 750	106 000
Member of the risk and sustainability committee**	47 250	5 750	2	58 750	56 000
Chairman of the transformation committee**	70 250	17 250	2	104 750	106 000
Member of the transformation committee**	47 250	5 750	2	58 750	56 000

Notes:

*Fees are paid monthly in arrears.

**Fees are paid quarterly in arrears.

[†]Includes fees for chairing the nomination committee.

The proposed fees will increase in total by 16.5% to bring the fees in line with the market median which is the target level of remuneration required to attract and retain the correct calibre of non-executive director and to reflect the increased levels of responsibility associated with board positions. The fees for members of the nomination committee will be increased substantially to bring them in line with the fees payable to members of the other committees (other than the audit committee).

Ordinary resolution number 7

To confirm the re-appointment of Deloitte & Touche as auditors of the company until the next annual general meeting and the appointment of Mr AF Mackie as the individual registered auditor who undertakes the audit for the company for that period.

Ordinary resolution number 8

To approve, 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 executive 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
G Griffiths	4 December 2009	118 811
AB Marshall	4 December 2009	251 331
FV Tshiqi	4 December 2009	44 806

Ordinary resolution number 9

To approve, 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 executive 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
G Griffiths	4 December 2009	117 269
AB Marshall	4 December 2009	148 841
FV Tshiqi	4 December 2009	49 138

Ordinary resolution number 10

To approve, 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 2009** of ordinary shares of 5 (five) cents each in the company to the undermentioned executive director as and when shares are settled on him in terms of the rules of The Nampak Limited Performance Share Plan 2009:

Name of director	Date of award	Number of performance shares 2009 awarded
AB Marshall	3 February 2010	150 000

Notice of annual general meeting continued

Special resolution number 1

To consider and, if approved, to pass with or without modification the following special resolution:

"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 counter party;

(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, must be of the opinion that if such repurchase is implemented:

- (i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;
- (iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice; and
- (iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice.

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

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 Friday, 28 January 2011.

Holders of Nampak shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, 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 Listings Requirements for special resolution number 1, the following general information is included in the annual report:

- (i) Directors (pages 4 and 5)
- (ii) Major shareholders (page 34)
- (iii) There have been no material changes since 30 September 2010

- (iv) Directors' interests in securities (page 99)
- (v) Share capital of the company (pages 140 to 143)
- (vi) The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 4 and 5 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (the notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements.

By order of the board



NP O'Brien

Company secretary

17 December 2010

Nampak Limited

Nampak Centre
114 Dennis Road
Atholl Gardens
Sandton 2196
Republic of South Africa

Shareholders' diary

Annual general meeting	1 February 2011
------------------------	-----------------

Interim statement and ordinary dividend

Announcement for the half-year ending 31 March	May 2011
--	----------

Group results and ordinary dividend announcement

For the year ending 30 September 2011	November 2011
---------------------------------------	---------------

DIVIDEND

Ordinary

Final for the year ended 30 September 2010

To be paid on 17 January 2011

Interim for the half-year ending 31 March 2011

To be paid July 2011

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")

Form of proxy

FORM OF PROXY – 43RD 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 in the "JSE One" Room, situated on the 12th Floor of the Radisson BLU Hotel Sandton, corner Rivonia Road and Daisy Street, Sandton, South Africa on Tuesday 1 February 2011 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, 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
1. Adoption of the annual financial statements			
2. Confirmation of the appointment of TT Mboweni			
3. To re-elect CWN Molohe			
4. To re-elect RC Andersen			
5. To re-elect PM Madi			
6. To increase the fees payable to the non-executive directors, including fees payable to committee members			
7. To re-appoint the auditors			
8. To approve the allotment and issue of shares to three executive directors as and when shares are settled on them in terms of the rules of the Nampak Limited Performance Share Plan			
9. To approve the allotment and issue of shares to three executive directors as and when shares are settled on them in terms of the rules of the Nampak Limited Share Appreciation Plan			
10. To approve the allotment and issue of shares to an executive director as and when shares are settled on him in terms of the rules of the Nampak Limited Performance Share Plan 2009			
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

2010/2011

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.

Form of proxy continued

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 Friday 28 January 2011.
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.

Corporate information

COMPANY SECRETARY

Neill O'Brien *BProc*

AUDITORS

Deloitte & Touche

BUSINESS ADDRESS AND REGISTERED OFFICE

Nampak Centre, 114 Dennis Road, Atholl Gardens,

Sandton 2196, South Africa

(PO Box 784324, Sandton 2146)

Telephone +27 11 719 6300

Telefax +27 11 444 4794

Website www.nampak.com

SHARE REGISTRAR

Computershare Investor Services (Pty) Limited

70 Marshall Street, Johannesburg 2001, South Africa

(PO Box 61051, Marshalltown 2107)

Telephone +27 11 370 5000

Telefax +27 11 370 5487

SPONSOR

UBS South Africa (Pty) Limited

64 Wierda Road East

Sandton 2196, South Africa

(PO Box 652863, Benmore 2010)

Telephone +27 11 322 7000

Telefax +27 11 784 8280

INVESTOR RELATIONS

Graham Hayward *FCIS, MBA*

PO Box 784324

Sandton 2146

Telephone +27 11 719 6320

graham.hayward@za.nampak.com



Nampak
packaging excellence