



**Nampak**  
packaging excellence

**INTERIM REPORT AND  
CASH DISTRIBUTION**

**FOR THE SIX MONTHS ENDED 31 MARCH 2008**



**Nampak**  
packaging excellence

**NAMPAK LIMITED**

(Registration number 1968/008070/06)  
(Incorporated in the Republic of South Africa)  
Share code: NPK ISIN: ZAE 000071676

**Non-executive directors:**

T Evans\* (*Chairman*), DA Hawton\*, MM Katz\*, RJ Khoza, KM Mokoape\*,  
CWN Molope\*, ML Ndlovu\*, RV Smither\*, MH Visser, RA Williams\*.

\*Independent

**Executive directors:**

GE Bortolan (*Chief executive officer*), TN Jacobs (*Chief financial officer*).

**Secretary:** NP O'Brien.

**Registered office:**

Nampak Centre, 114 Dennis Road  
Atholl Gardens, Sandton 2196  
South Africa  
(PO Box 784324 Sandton 2146  
South Africa)  
Telephone: +27 11 719 6300

**Share registrar:**

Computershare Investor  
Services (Pty) Limited  
70 Marshall Street  
Johannesburg 2001, South Africa  
(PO Box 61051 Marshalltown 2107  
South Africa)  
Telephone: +27 11 370 5000

**Sponsor:**

UBS South Africa (Pty) Limited

## CONDENSED GROUP INCOME STATEMENT

	Notes	Unaudited 6 months ended 31 March		Change %	Audited year ended 30 Sept 2007
		2008 Rm	2007 Rm		2007 Rm
<b>Revenue</b>		<b>8 874.6</b>	8 498.4	4.4	17 014.4
<b>Trading income before abnormal items</b>	2	<b>762.1</b>	919.6	(17.1)	1 781.0
Abnormal items	3	<b>61.7</b>	(138.6)		(159.8)
<b>Profit from operations</b>		<b>823.8</b>	781.0	5.5	1 621.2
Finance costs		<b>163.5</b>	122.8		273.0
Finance income		<b>49.5</b>	30.8		82.2
Income from investments		<b>5.1</b>	3.5		7.0
Share of profit from associates		<b>3.9</b>	1.1		4.3
<b>Profit before tax</b>		<b>718.8</b>	693.6	3.6	1 441.7
Income tax		<b>86.2</b>	229.4		385.8
<b>Profit for the period</b>		<b>632.6</b>	464.2	36.3	1 055.9
<b>Attributable to:</b>					
Equity holders of the company		<b>645.9</b>	462.2	39.7	1 054.2
Minority interest		<b>(13.3)</b>	2.0		1.7
		<b>632.6</b>	464.2		1 055.9
Basic earnings per share (cents)		<b>110.4</b>	79.3	39.2	181.0
Fully diluted earnings per share (cents)		<b>104.1</b>	75.9	37.1	172.0
Cash distribution per share (cents)		<b>28.0</b>	33.0	(15.2)	115.3
Headline earnings per ordinary share (cents)		<b>109.9</b>	87.6	25.4	184.6
Fully diluted headline earnings per share (cents)		<b>103.6</b>	83.7	23.8	175.4

## CONDENSED GROUP BALANCE SHEET

	Notes	Unaudited	Audited
		6 months ended 31 March 2008 Rm	year ended 30 Sept 2007 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment and investment property		6 517.1	5 463.7
Goodwill and other intangible assets		1 139.2	1 094.8
Non-current financial assets and associates		298.2	261.1
Deferred tax assets		6.5	3.8
		7 961.0	6 823.4
<b>Current assets</b>			
Inventories		2 705.9	2 456.8
Trade receivables and other current assets		3 559.1	3 128.2
Tax assets		15.4	57.5
Bank balances, deposits and cash	4	738.3	547.7
		7 018.7	6 190.2
Assets classified as held for sale		46.7	16.5
		15 026.4	13 030.1
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Capital reserves		114.1	724.7
Other reserves		658.6	125.7
Retained earnings		5 990.8	4 753.8
		6 763.5	5 604.2
Equity attributable to equity holders of the company		6 763.5	5 604.2
Minority interest		42.7	40.3
		6 806.2	5 644.5
<b>Total equity</b>			
<b>Non-current liabilities</b>			
Loans and borrowings		597.1	989.5
Deferred tax liabilities		668.6	678.9
Retirement benefit obligation		618.1	709.7
Other non-current liabilities		14.7	19.6
		1 898.5	2 397.7
<b>Current liabilities</b>			
Trade payables, provisions and other current liabilities		3 007.2	2 731.1
Bank overdrafts	4	2 868.6	1 912.3
Loans and borrowings		332.4	20.5
Tax liabilities		113.5	324.0
		6 321.7	4 987.9
		15 026.4	13 030.1
<b>TOTAL EQUITY AND LIABILITIES</b>			

## CONDENSED GROUP CASH FLOW STATEMENT

	Notes	Unaudited	Audited
		6 months ended 31 March 2008	year ended 30 Sept 2007
		Rm	Rm
Operating profit before working capital changes		1 135.2	2 372.9
Working capital changes		(473.1)	(414.3)
<b>Cash generated from operations</b>		<b>662.1</b>	<b>1 958.6</b>
Net interest paid		(133.5)	(202.4)
Income from investments		5.1	7.0
Tax paid		(378.5)	(379.3)
Replacement capital expenditure		(313.6)	(573.9)
<b>Cash (utilised in)/retained from operations</b>		<b>(158.4)</b>	<b>810.0</b>
Cash distributions and dividends paid		(480.9)	(579.1)
<b>Net cash (utilised in)/retained from operating activities</b>		<b>(639.3)</b>	<b>230.9</b>
Net cash utilised in investing activities		(440.2)	(636.6)
<b>Net cash utilised before financing activities</b>		<b>(1 079.5)</b>	<b>(405.7)</b>
Net cash utilised in financing activities		(86.8)	(100.1)
<b>Net decrease in cash and cash equivalents</b>		<b>(1 166.3)</b>	<b>(505.8)</b>
Cash and cash equivalents at beginning of period	4	(1 000.0)	(505.1)
Translation of cash in foreign subsidiaries		36.0	10.9
<b>Cash and cash equivalents at end of period</b>	4	<b>(2 130.3)</b>	<b>(1 000.0)</b>

**GROUP STATEMENT OF RECOGNISED  
INCOME AND EXPENSE**

	<b>Unaudited 6 months ended 31 March 2008 Rm</b>	<b>2007 Rm</b>	<b>Audited year ended 30 Sept 2007 Rm</b>
Exchange differences on translation of foreign operations	562.2	(58.4)	(125.8)
Net actuarial gains from retirement benefit obligation	–	6.3	100.6
Deferred tax adjustments on actuarial losses	(12.0)	–	–
Hyper-inflation capital adjustment	–	(7.6)	(7.5)
Gains/(losses) on cash flow hedges	19.1	(12.4)	(10.7)
Change in fair value of available-for-sale financial assets	–	–	(38.9)
<b>Net income/(expense) recognised directly in equity</b>	<b>569.3</b>	<b>(72.1)</b>	<b>(82.3)</b>
Transfer to plant and equipment – cash flow hedges	(7.3)	–	(16.5)
Transfer to income statement – cash flow hedges	–	–	(2.4)
Profit for the period	632.6	464.2	1 055.9
<b>Total recognised income and expense for the period</b>	<b>1 194.6</b>	<b>392.1</b>	<b>954.7</b>
<b>Attributable to:</b>			
Equity holders of the company	1 199.4	392.5	957.3
Minority interest	(4.8)	(0.4)	(2.6)
	<b>1 194.6</b>	<b>392.1</b>	<b>954.7</b>

## NOTES

	Unaudited 6 months ended 31 March		Change %	Audited year ended 30 Sept
	2008 Rm	2007 Rm		2007 Rm
<b>1. Basis of preparation</b>				
The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used are consistent with those used for the group's 2007 annual financial statements, which were prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared on the historical cost basis except for the valuation of certain financial instruments.				
<b>2. Included in trading income before abnormal items are:</b>				
Depreciation	332.0	311.2		632.3
Amortisation	37.3	33.2		69.4
<b>3. Abnormal items</b>				
Financial instruments fair value adjustment	104.6	(66.9)		(83.4)
Retrenchment and restructuring costs	(26.5)	(10.9)		(31.5)
Share-based payment expense on BEE transaction	(17.8)	(11.0)		(20.0)
Net impairment gains/(losses) on plant and equipment and intangible assets	1.4	-		(6.7)
Europe strategic review costs	-	(48.7)		(50.3)
Net monetary adjustment – hyper-inflation	-	(2.2)		(4.9)
Net profit on disposal of property	-	1.2		20.2
Net (loss)/profit on disposal of businesses	-	(0.1)		16.8
	<b>61.7</b>	<b>(138.6)</b>		<b>(159.8)</b>
<b>4. Cash and cash equivalents</b>				
Bank overdrafts	(2 868.6)	(1 912.3)		(1 603.5)
Bank balances, deposits and cash	738.3	547.7		603.5
	<b>(2 130.3)</b>	<b>(1 364.6)</b>		<b>(1 000.0)</b>
<b>5. Supplementary information</b>				
Capital expenditure	771.9	619.3		1 298.1
– expansion	458.3	260.9		668.0
– replacement	313.6	358.4		630.1
Capital commitments	1 171.8	1 133.8		1 687.6
– contracted	773.7	710.6		826.1
– approved not contracted	398.1	423.2		861.5
Lease commitments	469.6	381.8		431.9
– land and buildings	370.8	335.5		380.9
– other	98.8	46.3		51.0
Contingent liabilities	18.3	713.0		686.7
– customer claims and guarantees	18.3	10.3		16.5
– taxation	-	702.7		670.2

	Unaudited 6 months ended 31 March		Change %	Audited year ended 30 Sept 2007
	2008 Rm	2007 Rm		2007 Rm
<b>6. Share statistics</b>				
Ordinary shares in issue (000)	657 647	655 179		655 972
Ordinary shares in issue – net of treasury shares (000)	585 156	582 688		583 481
Weighted average number of ordinary shares on which headline earnings and basic earnings per share are based (000)	585 211	582 745		582 505
Weighted average number of ordinary shares on which diluted headline earnings and diluted basic earnings per share are based (000)	631 874	624 702		626 903
<b>7. Determination of headline earnings</b>				
Profit attributable to equity holders of the company for the period	645.9	462.2		1 054.2
Less: preference dividend	–	–		(0.1)
Basic earnings	645.9	462.2	39.7	1 054.1
Adjusted for:				
Net impairment (gains)/losses on plant and equipment and intangible assets	(1.4)	–		6.7
Net loss/(profit) on disposal of businesses	–	0.1		(16.8)
Net profit on disposal of property, plant and equipment	(2.7)	(0.7)		(19.7)
Europe strategic review costs	–	48.7		50.3
Tax effects	1.1	0.2		0.6
Headline earnings for the period	642.9	510.5	25.9	1 075.2
<b>8. Additional disclosures</b>				
Net gearing	45%	42%		33%
Interest cover	7 times	8 times		9 times
Total liabilities:equity	121%	131%		115%
Return on equity	19%	16%		18%
Return on net assets	15%	16%		18%
Net worth per ordinary share (cents)*	1 163	969		1 037
Tangible net worth per ordinary share (cents)*	968	781		852
*calculated on ordinary shares in issue – net of treasury shares				



## COMMENTS

### GROUP FINANCIAL REVIEW

	Revenue		Trading income	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
South Africa	5 919	5 699	574	688
Rest of Africa	500	519	28	84
Europe	2 658	2 469	160	148
Intersegment eliminations	(202)	(189)	–	–
<b>Total</b>	<b>8 875</b>	<b>8 498</b>	<b>762</b>	<b>920</b>

#### Group

Revenue growth of 4% was adversely affected by lower volumes in South Africa, the under-recovery of raw material cost increases and the loss of revenue from the Zimbabwean operations which are no longer consolidated.

Trading income decreased by 17% as a result of the above as well as a write-off in Nigeria following the discovery of certain irregularities and under-performance by some businesses. The trading margin declined from 10.8% to 8.6%.

Profit from operations, however, increased by 6% mainly as a result of the positive adjustment for the fair value of financial instruments.

Net finance costs increased by 24% to R114 million due to higher interest rates, increased capital expenditure and working capital.

Following the agreement with SARS on a number of tax issues, an amount of R250 million was paid to SARS in settlement of these issues. A provision of approximately R350 million was on the balance sheet for the matters in dispute and consequently R103 million was released from the provision. This, together with a reduction in the South African company tax rate, contributed to an effective tax rate of 12.0%.

Headline earnings per share increased by 25% from 88 cents to 110 cents. However, normalised headline earnings per share decreased by 15%.

Total capital expenditure was R772 million, with the significant items being R197 million spent on the new recycled paper mill at Rosslyn, R127 million on the rebuild of a glass furnace and R57 million on the new beverage can line in Angola.

Increased raw material prices as well as greater holdings of strategic stocks resulted in a higher value of stocks. Extended payment terms to export-related customers resulted in an increase in trade receivables. There was an overall increase in net working capital of R473 million.

Net debt to equity increased from 33% in September 2007 to 45% in March 2008 mainly as a result of the additional tax payment, the capital expenditure programme and the increase in working capital.

## COMMENTS

### South Africa

Whilst there was growth in demand for packaging in the first quarter of the year, this abated in the second quarter. Demand for beverage packaging was affected by cooler weather and a shortage of carbon dioxide gas, whilst lower catches of pilchards resulted in a reduction in food can sales. Total packaging volumes in South Africa for the period under review declined by 2.1%.

Prices of most raw materials increased, with polymers particularly affected by the higher oil prices. It was not possible in all cases to fully recover the increased costs. Some market share in the paper and plastics segments was lost as a result of competitor activity. Power interruptions caused by load shedding also resulted in higher costs of manufacture, loss of production and, in some cases, lost sales.

Additionally, some businesses did not perform operationally to expectations and contributed to the 17% decrease in trading income to R574 million. The trading margin fell from 12.1% to 9.7%.

### Rest of Africa

The results from the operations in Zimbabwe are no longer consolidated and resulted in a reduction of R28 million in trading income. Following the discovery of certain irregularities, a loss of R25 million was incurred at the metals operation in Nigeria. Additional controls have been implemented in this business. The folding cartons operation in Nigeria continued to perform well.

Trading income for the region decreased from R84 million to R28 million and the trading margin from 16.2% to 5.6%.

### Europe

In pounds, sales were ahead of last year whilst trading income was at a similar level. Both of these were assisted by a stronger Euro. The trading margin declined marginally from 5.9% to 5.6%. The average exchange rate to the pound was R14.40 compared to R14.07 last year.

## SEGMENTAL REVIEW

	Revenue		Trading income		Margin	
	2008	2007	2008	2007	2008	2007
	Rm	Rm	Rm	Rm	%	%
Africa	2 476	2 356	363	406	14.7	17.2

### Africa

Sales increased by 5% whilst trading income decreased by 11%.

Good volume growth in beverage cans in the first quarter was offset by weaker growth in the second quarter as a result of cooler weather and a shortage of carbon dioxide gas. Volumes for the six months were 3% lower than for the same period in 2007.

Food can volumes fell by 5% following a substantial drop in the sale of fish cans as a result of poor pilchard catches. Good growth was achieved in vegetable cans whilst sales of fruit cans were marginally lower than last year.

## COMMENTS

Demand for glass bottles continued at the high levels experienced last year and contributed to a much improved trading performance from the Glass operation. The rebuild of a furnace was delayed to the second half of the year.

The R25 million written-off in Nigeria contributed to the decrease in trading income.

Paper	Revenue		Trading income		Margin	
	2008	2007	2008	2007	2008	2007
	Rm	Rm	Rm	Rm	%	%
Africa	2 409	2 356	128	173	5.3	7.3
Europe	1 650	1 537	57	53	3.5	3.4
Total	4 059	3 893	185	226	4.6	5.8

### Africa

Sales increased by 2% but trading income decreased by 26%.

Sales volumes of corrugated boxes decreased as a result of reduced demand in the commercial sector where there was intense competition. In some cases, market share was also lost as a result of pressure on selling prices.

Demand for folding cartons in South Africa was lower due to reduced exports and the partial conversion of detergent cartons and cigarette outer packaging to flexible packaging.

There was good demand for disposable diapers and toilet tissue which, together with improved production efficiencies, contributed to an improvement in the performance of the tissue business.

The folding cartons business in Nigeria continued to perform well. Sales and trading income in Malawi were ahead of last year. Sales in Zambia are ahead of last year although margin pressure resulted in a small reduction in trading income.

### Europe

Sales and trading income in pounds both increased by 5% to £115 million and £3.9 million respectively.

Sales in both folding cartons and healthcare packaging were higher than last year. Sales and trading income benefited from the strength of the Euro against sterling.

Plastics	Revenue		Trading income		Margin	
	2008	2007	2008	2007	2008	2007
	Rm	Rm	Rm	Rm	%	%
Africa	1 534	1 506	65	139	4.2	9.2
Europe	831	765	81	79	9.7	10.3
Total	2 365	2 271	146	218	6.2	9.6

## COMMENTS

### Africa

Sales increased by 2% but trading income decreased by 53%.

Loss of market share in plastic beverage closures and a shortage of carbon dioxide, affecting sales of both beverage closures and PET bottles, depressed overall volume growth of rigid plastic containers.

The tubes and tubs business experienced good volume growth but operational difficulties had a significant impact on the profitability of this sector.

The PET bottle business was impacted by the move to in-plant manufacture where profits are lower.

The flexible packaging sector continued to be highly competitive and cost increases could not be fully recovered. Volume growth in the high value-added segment was marginally positive but sales of laminated coated wrapping products were lower. The foil factory in Pietermaritzburg was closed and absorbed into the Pinetown operation.

There was good demand for crates and drums.

### Europe

Sales in pounds increased by 6% to £58 million whilst trading income remained unchanged at £5.7 million. The higher polymer prices could not immediately be recovered.

Group services	Revenue		Trading income	
	2008	2007	2008	2007
	Rm	Rm	Rm	Rm
Africa	-	-	46	54
Europe	177	167	22	16
Intergroup eliminations	(202)	(189)	-	-
Total	(25)	(22)	68	70

Group services comprise corporate functions, procurement, treasury and property rentals.

## PROSPECTS

Since the end of March, interest rates have risen further and consumer spending on non-durable goods in South Africa is expected to remain under pressure.

The percentage decline in trading income for the full year is, however, expected to be less than that in the first half.

In view of the tightening liquidity in financial markets, together with the funding requirement for major projects in the group, the board considers it appropriate to strengthen the balance sheet. These factors and the decrease in trading income have resulted in the cash distribution for the half-year being reduced to 28.0 cents per ordinary share.

## COMMENTS

### 3 YEAR PLAN PROGRESS

Further increases are expected in the prices of raw materials and greater focus will have to be placed on the timeous recovery of the additional costs.

The significant investments in recycled brown paper manufacture and increased glass capacity are well advanced to contribute to earnings in 2009. In addition, plans are in place to reduce working capital and operating costs and benefits are already accruing from the group procurement initiative.

Opportunities to fill the second folding cartons line in Nigeria are being actively pursued and, together with the Angolan beverage can line, will significantly increase the contribution from the rest of Africa over the next few years.

Action plans are in place to improve the performance of those businesses which have been worst affected by competitive and other pressures in the past six months.

Notwithstanding the decline in trading performance in the first half of 2008, the three-year plan is expected to deliver real earnings growth.

### DIRECTORATE

Mr N Cumming decided to leave the group after 22 years' service and resigned as a director with effect from 27 March 2008. The board wishes to thank Neil for his valuable contribution to the group.

### CAPITAL REDUCTION

Notice is hereby given that a cash distribution No.5 of 28.0 cents (2007: 33.0 cents) per ordinary share has been declared out of share premium in respect of the six months ended 31 March 2008, payable to shareholders recorded as such in the register at the close of business on the record date, Friday 11 July 2008. The last day to trade to participate in the cash distribution is Friday 4 July 2008. Shares will commence trading ex distribution from Monday 7 July 2008.

The important dates pertaining to this cash distribution are as follows:

Last day to trade ordinary shares <i>cum</i> distribution	Friday 4 July 2008
Ordinary shares trade ex distribution	Monday 7 July 2008
Record date	Friday 11 July 2008
Payment date	Monday 14 July 2008

Ordinary share certificates may not be de-materialised or re-materialised between Monday 7 July 2008 and Friday 11 July 2008, both days inclusive.

On behalf of the board

**T Evans**            *Chairman*  
**GE Bortolan**      *Chief executive officer*

22 May 2008

## SUPPLEMENTARY INFORMATION

	Profit from operations		Abnormal items		Trading income before abnormal items		Margin before abnormal items	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 %	2007 %
<b>Adjusted segmental information</b>								
Metals and glass								
Africa	397	377	(34)	29	363	406	14.7	17.2
Paper								
Africa	123	148	5	25	128	173	5.3	7.3
Europe	57	51	–	2	57	53	3.5	3.4
Plastics								
Africa	66	121	(1)	18	65	139	4.2	9.2
Europe	81	78	–	1	81	79	9.7	10.3
Group services								
Africa	81	39	(35)	15	46	54		
Europe	19	(33)	3	49	22	16		
<b>Total</b>	<b>824</b>	<b>781</b>	<b>(62)</b>	<b>139</b>	<b>762</b>	<b>920</b>	<b>8.6</b>	<b>10.8</b>

### Basis of calculation

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