Nampak
packaging excellence

CONDENSED GROUP INCOME STATEMENT

	2006 Rm	2005 Restated Rm	Change %
Revenue	15 261.9	15 113.7	1.0
Profit from operations before abnormal items	1 508.6	1 311.0	15.1
Abnormal profit/(loss)	29.3	(63.8)	
Profit from operations	1 537.9	1 247.2	23.3
Finance costs	(185.4)	(200.6)	
Finance income	62.7	93.2	
Income from investments	4.8	33.8	
Share of profit of associates	-	0.9	
Profit before tax	1 420.0	1 174.5	20.9
Income tax	553.7	519.4	
Profit for the year	866.3	655.1	32.2
Attributable to:			
Equity holders of the company	861.8	651.3	32.3
Minority interest	4.5	3.8	
	866.3	655.1	
Ordinary shares in issue (000)	653 726	669 314	
Ordinary shares in issue - net of treasury shares (000)	581 235	641 888	
Weighted average number of ordinary shares on which earnings per share are based (000)	579 968	638 262	
Weighted average number of ordinary shares on which diluted earnings per share are based (000)	615 117	642 385	
Basic earnings per share (cents)	148.6	102.0	45.7
Fully diluted earnings per share (cents)	144.1	101.4	42.1
Cash distribution/dividend per share (cents)	96.1	83.6	15.0

DETERMINATION OF HEADLINE EARNINGS

	2006 Rm	2005 Restated Rm	Change %
Headline earnings per ordinary share (cents)	151.2	88.0	71.8
Fully diluted headline earnings per share (cents)	146.6	87.4	67.7
Profit attributable to equity holders of the company for the year	861.8	651.3	
Less: preference dividend	(0.1)	(0.1)	
Basic earnings	861.7	651.2	32.3
Adjusted for :			
Impairment losses on goodwill, plant and equipment	112.6	205.0	
Reversal of impairment losses on plant and equipment	(2.0)	(5.0)	
Net (profit)/ loss on disposal of businesses	(0.7)	26.6	
Net profit on disposal of property, plant and equipment	(75.0)	(410.3)	
Pension fund curtailment loss on disposal of business	-	(17.6)	
Write-off of due diligence costs	-	5.7	
Tax effects	(19.6)	105.8	
Headline earnings for the year	877.0	561.4	56.2

CONDENSED GROUP BALANCE SHEET

	2006 Rm	2005 Restated Rm
ASSETS		
Non-current assets		
Property, plant and equipment and investment property	5 217.9	4 819.5
Goodwill and other intangible assets	1 093.3	1 062.3
Other non-current financial assets and associates	302.5	203.3
Deferred tax assets	9.6	7.6
	6 623.3	6 092.7
Current assets		
Inventories	2 169.2	2 001.8
Trade and other receivables	3 121.0	2 504.1
Tax assets	64.2	60.7
Bank balances, deposits and cash	414.6	620.2
	5 769.0	5 186.8
Assets classified as held for sale	43.3	-
	5 812.3	5 186.8
TOTAL ASSETS	12 435.6	11 279.5
EQUITY AND LIABILITIES		
Capital and reserves		
Capital reserves	1 076.2	2 156.6
Other reserves	195.4	(296.3)
Retained earnings	4 291.6	3 758.9
Equity attributable to equity holders of the company	5 563.2	5 619.2
Minority interest	40.7	32.4
Total equity	5 603.9	5 651.6
Non-current liabilities		
Loans and borrowings	1 021.8	929.7
Other non-current financial liabilities	18.9	26.7
Retirement benefit obligation	721.9	540.7
Deferred tax liabilities	683.4	657.3
	2 446.0	2 154.4
Current liabilities		
Trade, other payables and provisions	3 038.7	3 002.0
Bank overdrafts and loans	978.8	279.3
Tax liabilities	363.1	192.2
	4 380.6	3 473.5
Liabilities directly associated with assets classified as held for sale	5.1	-
	4 385.7	3 473.5
TOTAL EQUITY AND LIABILITIES	12 435.6	11 279.5
Significant statistics		
Net gearing	28%	11%
Interest cover	13 times	12 times
Total liabilities: equity	121%	99%
Net worth per ordinary share (cents) calculated on ordinary shares in issue - net of treasury shares	964	880
Tangible net worth per ordinary share (cents) calculated on ordinary shares in issue – net of treasury shares	776	715

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

	2006 Rm	2005 Restated Rm
Exchange differences on translation of foreign operations	562.0	(102.9)
Net actuarial losses (net of tax)	(92.1)	(33.5)
Hyper-inflation capital adjustment	(2.4)	(89.7)
Gains on cash flow hedges	29.5	1.4
Net income/(expense) recognised directly in equity	497.0	(224.7)
Profit for the year	866.3	655.1
Total recognised income and expense for the year	1 363.3	430.4
Attributable to:		
Equity holders of the company	1 353.5	429.7
Minority interest	9.8	0.7
	1 363.3	430.4

CONDENSED GROUP CASH FLOW STATEMENT

	2006 Rm	2005 Restated Rm
Cash generated from operations	1 734.9	2 026.0
Net interest paid	(128.5)	(100.3)
Income from investments	4.8	33.8
Retirement benefit contributions and settlements	(40.1)	(81.6)
Tax paid	(364.2)	(418.7)
Replacement capital expenditure	(299.1)	(361.5)
Cash retained from operations	907.8	1 097.7
Dividends paid	(330.6)	(536.1)
Cash distribution paid	(174.4)	-
Net cash retained from operating activities	402.8	561.6
Net cash (utilised in)/retained from investing activities	(151.6)	168.5
Net cash retained before financing activities	251.2	730.1
Net cash utilised in financing activities	(1 051.0)	(306.4)
Net (decrease)/increase in cash and cash equivalents	(799.8)	423.7
Cash and cash equivalents at beginning of year	364.8	(38.9)
Translation of cash in foreign subsidiaries	(70.1)	(20.0)
Cash and cash equivalents at end of year	(505.1)	364.8

NOTES

	2006 Rm	2005 Restated Rm
1. Abnormal profit/(loss)		
Net impairment losses on goodwill, plant and equipment	(110.6)	(200.0)
Share-based payment expense on BEE transaction	(21.0)	(219.5)
Retrenchment and restructuring costs	(3.1)	(150.0)
Financial instruments fair value adjustment	88.6	(10.5)
Net profit on disposal of property	71.7	397.5
Net monetary adjustment - hyper-inflation	3.0	(2.2)
Net profit/(loss) on disposal of businesses	0.7	(26.6)
Pension fund curtailment gain on restructure	-	70.2
Change in estimates – provisions	-	59.7
Pension fund curtailment loss on disposal of business	-	17.6
	29.3	(63.8)
2. Cash and cash equivalents		
Bank overdrafts and loans	(978.8)	(279.3)
Less short-term portion of long-term liabilities	59.9	23.9
Less bank balances, deposits and cash	414.6	620.2
Net cash and cash equivalents included in non-current assets held for sale	(0.8)	-
	(505.1)	364.8
3. Supplementary information		
Depreciation	589.9	584.3
Amortisation	68.5	57.5
Capital expenditure	689.4	747.4
- expansion	390.3	385.9
- replacement	299.1	361.5
Capital commitments	962.1	435.5
- contracted	337.0	166.4
- approved not contracted	625.1	269.1
Lease commitments	414.5	497.3
- land and buildings	367.4	341.2
- other	47.1	156.1
Contingent liabilities	756.9	22.9
- customer claims and guarantees	10.6	22.9
- tax contingent liabilities	746.3	-

4. Tax contingent liabilities

The South African Revenue Service ("SARS") has raised assessments against a number of companies in the group, covering three broad areas.

The first area of assessment relates to Malbak Limited and a number of its subsidiary companies, which were acquired by the group in August 2002, in respect of transactions which took place between 1991 and 2001. SARS is claiming tax on deemed interest and alleged foreign exchange gains on loans made to an indirect, offshore subsidiary of Malbak, donations tax on the sale by Malbak of its rigid plastic business in 2001 and donations tax on the write-off of loans made to a number of employee share trusts which were set up in the Malbak group. In respect of the Malbak assessments the group has investigated each transaction and has taken legal opinion, including two senior counsel. As a result, the group is confident that it can successfully defend against these assessments. Objections were lodged against all the assessments with SARS. An amount of R50 million has been paid to SARS on a without prejudice basis and a suspension of further payment obligations has been granted at least until the objections have been considered by SARS.

In the second area of assessment SARS is seeking to tax the profits made by Metal Box Botswana (Pty) Limited in the years 1996 to 2001 on the grounds that Metal Box Botswana was effectively managed in South Africa and did not have a permanent establishment in Botswana. Again the group is confident that it can successfully defend against this assessment and an objection has been lodged with SARS.

In the third area of assessment SARS is seeking to tax the portion of the insurance proceeds arising from the fire at the glass furnace in 2004 that is considered capital in nature. In addition SARS is seeking to tax some of the proceeds earlier than the date on which these amounts were included in the tax return. The group is still in the process of reviewing the facts but, based on a preliminary assessment, is confident that it can successfully defend against this assessment. An objection will be lodged in due course.

The tax contingent liabilities include R243.8 million for tax, R128.7 million for penalties and R373.8 million for interest.

COMMENTS

IFRS RESTATEMENT

The 2005 financial results have been restated to comply with International Financial Reporting Standards ("IFRS"). The profit from operations was restated from R1 356 million to R1 247 million. The main items affecting the income statement restatement are commented on under the respective geographical overviews below.

NAMPAK PROFILE

Nampak is the largest and most diversified packaging manufacturer in Africa with extensive manufacturing operations in South Africa and a further 11 countries on the African continent. It produces packaging products from metal, glass, paper and plastics and is a major manufacturer and marketer of tissue products.

It is one of the leading suppliers of folding cartons to the food and healthcare sectors in Europe and it is the major supplier of plastic bottles to the dairy industry in the United Kingdom.

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

KEY INVESTMENT ACTIVITIES IN 2006

In order to mitigate the dilutive effect of the BEE transaction concluded in 2005, the group implemented a scheme of arrangement whereby it repurchased 10% of its issued shares from existing shareholders effective 31 October 2005 for a consideration of R964 million.

Effective 1 October 2005, Wiegand-Glas of Germany acquired 50% of the issued share capital in Nampak Glass (Pty) Limited for €18 million.

Tufbag, which manufactures bulk bags, was sold effective 1 November 2005 for R11 million.

Effective 28 February 2006, the group disposed of its Contract Packing business in Europe for £0.6 million.

Effective 1 October 2006, the Flexpak business at Bellville in the Western Cape was sold to Transpaco for R56 million, subject to approval by the Competition Commission.

Effective 1 October 2006, the group exercised its call option to acquire for R23.6 million the remaining 50% of the shares in Burcap Plastics (Pty) Limited which it did not already own. This transaction is subject to approval by the Competition Tribunal.

GEOGRAPHICAL PERFORMANCE

Geographical overview

Rm	Revenue		Profit from operations		Operating margin %	
	2006	2005 restated	**2006**	2005 restated	**2006**	2005 restated
South Africa	**10 501**	10 896	**1 175**	784	**11.2**	7.2
Rest of Africa	**892**	609	**92**	58	**10.3**	9.5
Europe	**4 157**	3 810	**271**	405	**6.5**	10.6
Intergroup eliminations	**(288)**	(201)				
Total	**15 262**	15 114	**1 538**	1 247	**10.1**	8.3

Group

The group is pleased to report a good improvement in performance following the realisation of benefits from the restructuring and business realignment of the past few years. In 2005 profit from operations in Europe included R375 million profit on the sale of properties which did not recur in 2006.

Excluding Peters Papers, Tufbag, Contract Packing and 50% of Nampak Glass, sales from continuing operations increased by 6% to R15.3 billion and profit from operations before abnormal items increased by 15% as a result of an improved performance from all regions. The operating margin before abnormal items improved to 10.0% from 9.0%.

Net financing costs increased by 14% to R123 million largely as a result of increased borrowings following the share repurchase and higher interest rates in South Africa.

Taxation increased to R554 million from R519 million whilst the effective tax rate decreased to 39.0% from 44.2%. The effective tax rate was impacted by an increase in provisions and lower Secondary Tax on Companies ("STC") following the payment of the 2006 interim cash distribution out of share premium.

Headline earnings per share increased by 72% to 151.2 cents compared to 88.0 cents in 2005, which was restated to comply with IFRS. Headline earnings per share in 2005 as previously reported under SA GAAP was 119.2 cents.

Cash generated from operations was R1.7 billion. Net gearing increased from 11% to 28% mainly as a result of the share repurchase.

South Africa

There was good growth in expenditure on non-durable products but rand strength for most of the year resulted in some of the demand being satisfied by imported products. Exports of both packaging and packaged goods were negatively affected by the relative strength of the currency.

Packaging volumes grew by 0.5% with good gains in beverage cans and rigid plastics offset by lower demand for food cans, flexible packaging and paper packaging. Glass bottle volumes were affected by upgrading of equipment which will improve production in the year ahead.

There was strong demand for toilet tissue and diapers.

Tinplate prices increased marginally but there was a significant increase in the price of aluminium. Polymer prices increased substantially as a result of the rise in oil prices. There were minor increases in the price of paper used to manufacture corrugated boxes. The gross margin percentage was maintained through some price increases and improved efficiencies.

Profit from operations increased by 50% partly as a result of restating 2005 to comply with IFRS but also due to benefits from the restructuring and business realignment undertaken in the past few years. Included in the IFRS restatements are share-based payments of R225 million, a reduction of R43 million in the depreciation charge, an impairment of assets of R53 million and other expenses of R36 million.

Rest of Africa

In general, the performance of the businesses in the rest of Africa improved, particularly the new cartons factory in Nigeria. Zimbabwe continued to be adversely affected by the economic difficulties in the country. Profit from operations in 2005 was negatively impacted by R14 million in IFRS adjustments, mainly due to the reclassification of two Zimbabwe companies from joint ventures to associate companies.

Europe

The European countries in which we operate enjoyed steady economic growth but trading conditions remained highly competitive. Market share in healthcare and plastic milk bottles increased.

Sales benefited from the inclusion, for a full twelve months, of the two plastic bottle in-plant operations acquired in 2005. Although trading-level profit improved, profit from operations was lower, as 2005 included R375 million profit on the sale of properties which did not recur in 2006.

The restatement of the prior year results for IFRS included a R195 million decrease in the loss on the defined benefit pension fund following the disposal of the 'short-run' plastics business, a decrease of R31 million on the disposal of properties and other net gains of R10 million.

Segmental Analysis

Metals and Glass

Rm	Revenue		Profit from operations		Operating margin %	
	2006	2005 restated	**2006**	2005 restated	**2006**	2005 restated
Africa	**4 434**	4 365	**700**	637	**15.8**	14.6

Africa

The profit from operations includes gains on the fair value of financial instruments. 2005 included 100% of the glass business, 50% of which was sold to Wiegand-Glas on 1 October 2005. There were also substantial impairment costs in 2005.

Beverage can volumes to South African customers were up 3% on last year. Good demand from the carbonated soft-drinks and other sectors was partly offset by lower demand for beer cans.

Beverage container closures enjoyed good demand from growth in the carbonated soft-drink and sports-drink markets. Sales of closures for baby foods also experienced strong demand.

Sales of fish cans, which were affected by lower catches in the first half, recovered in the second half but were still lower in total than in 2005. Demand for fruit cans was affected by poor crops whilst sales of vegetable cans improved on last year. Aluminium aerosol cans benefited from buoyant consumer spending. Paint can sales volumes continued to be affected by the ongoing conversion to plastic.

The Nigerian metals business performed well but both Kenya and Zambia were impacted by strong local currencies which placed pressure on margins.

In the glass bottle business, significant investment was made in upgrading the cold-end equipment on the second furnace. Although this affected results in 2006 it will lead to improved manufacturing efficiencies and higher factory output in the year ahead.

Paper

Rm	Revenue		Profit/(loss) from operations		Operating margin %	
	2006	2005 restated	**2006**	2005 restated	**2006**	2005 restated
Africa	**4 415**	4 539	**349**	226	**7.9**	5.0
Europe	**2 613**	2 564	**86**	(120)	**3.3**	(4.7)
Total	**7 028**	7 103	**435**	106	**6.2**	1.5

Africa

The prior year included Peters Papers for five months before its disposal and substantial costs relating to restructuring. The improvement in profits in 2006 is partly due to good cost-management and to fair value gains of financial instruments. There were improved performances from the major paper businesses, corrugated, cartons and labels and tissue.

Sales of corrugated boxes were below expectations due partly to a poor agricultural season and weak demand from the industrial and commercial sectors.

Sales volumes of cartons and labels grew in the year. There was strong demand for fast-food packaging which has benefited from increased consumer spending and a move away from the use of polystyrene.

Sales of paper sacks did not keep pace with the strong demand for cement due to importation of cement and operational difficulties at some customers. Sales of cores and tubes were lower as a result of reduced demand for cores for paper reels.
Buoyant consumer spending resulted in strong demand for toilet tissue and disposable diapers.

The paper businesses in the rest of Africa generally improved their trading position particularly the Nigerian cartons operation, which was fully operational in its temporary site throughout 2006. The permanent factory will be ready for occupation in early 2007.

The business in Zimbabwe continued to be adversely affected by ongoing massive currency depreciation and hyper-inflation whilst in Malawi, sales of new one-piece tobacco boxes contributed to an improved result.

Europe

The profit-improvement programme at the Leeds factory in the United Kingdom contributed to a better performance from the European folding cartons business. 2005 included significant restructuring costs and goodwill write-off. Market share was gained in the healthcare packaging sector but margins remained under pressure from consolidation in the pharmaceutical industry.

Plastics

Rm	Revenue		Profit from operations		Operating margin %	
	2006	2005 restated	**2006**	2005 restated	**2006**	2005 restated
Africa	**2 554**	2 601	**186**	175	**7.3**	6.7
Europe	**1 291**	1 073	**153**	449	**11.9**	41.8
Total	**3 845**	3 674	**339**	624	**8.8**	17.0

Africa

Another good performance by rigid plastics was supported by better results from flexible packaging. 2005 included Tufbag which was sold effective 1 November 2005. The plastics businesses in the rest of Africa did not perform as well as in 2005 mainly due to lower contributions from the Zimbabwe operations.

Sales of PET bottles benefited from the increased demand for carbonated soft-drinks and juice. A number of long-term contracts were concluded during the year. There was steady demand for high density plastic bottles for milk and juice but volumes were affected by the loss of some business to liquid cartons.

Demand for toothpaste tubes was affected by the importation of filled product. Plastic tubs showed good growth, and additional capacity was installed during the year. Plastic crates benefited from increased demand from the beverage and dairy sectors whilst large plastic drum sales increased following further conversion from steel by lubricant oil customers.

The flexibles packaging business improved performance following the major restructuring in 2005. Demand for long-run flexible packaging continued to be affected by imports and reduced exports. Sales of bread bags continued to grow.

Europe

Sales revenue increased following gains in market share, higher polymer prices and the inclusion for a full twelve months of the two in-plant operations acquired in 2005. This, together with manufacturing efficiencies and tight cost-control, resulted in a much-improved operating performance. Results in 2005 were bolstered by R375 million from the profit on the sale of the Woburn Sands property.

Group services

Rm	Revenue		Profit from operations	
	2006	2005 restated	**2006**	2005 restated
Africa	**(10)**	-	**31**	(196)
Europe	**253**	172	**33**	76
Total	**243**	172	**64**	(120)

Group services comprise corporate, procurement, treasury and property management.

Africa

Profit on the sale of properties was partially offset by impairment costs on the ERP system. 2005 included costs of R225 million for share-based payments related to the group's BEE transaction.

Europe

The current year includes profit on the sale of the non-core contract packing business. 2005 included a curtailment gain on restructuring the defined benefit pension fund.

ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. The condensed financial statements have been extracted from the consolidated financial statements which have been prepared in accordance with IFRS. The principal accounting policies have been applied consistently with the previous year on the basis set out below.

Until 30 September 2005 the consolidated financial statements were prepared in accordance with South African Generally Accepted Accounting Practice ("SA GAAP"). In preparing the consolidated annual financial statements certain accounting, valuation and consolidation methods applied in the SA GAAP financial statements have been amended to comply with IFRS. The comparative figures in respect of 2005 were restated to reflect these adjustments.

Detailed explanations and reconciliations of how the transition to IFRS has affected the reported financial position and performance of the group were provided in the restatement of financial information under IFRS, published on the JSE Securities Exchange News Service ("SENS") on 20 February 2006.

An accounting circular was issued in May 2006 (SAICA Circular 9/2006) providing clarity on the accounting treatment for cash discounts, settlement discounts, rebates and extended payment terms. The impact on the group's income statement has been a reclassification of rebates and discounts from other operating income to revenue, reducing revenue by R365 million (2005: R367 million). This has no effect on either profit from operations or headline earnings.

AUDITED RESULTS

The consolidated financial statements for the year have been audited by Deloitte & Touche and their accompanying unmodified audit report, as well as their unmodified audit report on this set of summarised financial information, are available for inspection at the registered office of the company. The annual report will be posted to shareholders in December.

DIRECTORATE

Mr TN Jacobs was appointed a director and chief financial officer, effective 1 October 2005.

Mr RJ Khoza was appointed a non-executive director, effective 1 October 2005.

Mr RV Smither was appointed a non-executive director, effective 26 July 2006.

Mr AS Lang retired from the group and resigned as a director, effective 30 September 2006.

PROSPECTS

Over the past few years the group's focus has been on restructuring, improving efficiencies and realigning the business portfolio. Whilst this will remain an integral part of the overall future strategy, much greater emphasis will be placed on growth.

With Nampak better positioned and the trading environment looking favourable, particularly in South Africa, the group is on track to deliver a solid set of results in 2007.

ORDINARY SHARE CASH DISTRIBUTION

Notice is hereby given that a cash distribution No.2 of 66.1 cents (2005: 56.6 cents) per ordinary share in lieu of a dividend by way of a reduction of share premium has been declared in respect of the year ended 30 September 2006, payable to shareholders recorded as such in the register at the close of business on the record date, Friday 12 January 2007, making a total cash distribution for the year of 96.1 cents (2005: 83.6 cents). The last day to trade to participate in the cash distribution is Friday 5 January 2007. Shares will commence trading "ex" distribution from Monday 8 January 2007.

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

Last day to trade ordinary shares "cum" distribution	Friday 5 January 2007
Ordinary shares trade "ex" distribution	Monday 8 January 2007
Record date	Friday 12 January 2007
Payment date	Monday 15 January 2007

Ordinary share certificates may not be de-materialised or re-materialised between Monday 8 January 2007 and Friday 12 January 2007, both days inclusive.

On behalf of the board

T Evans	Chairman
GE Bortolan	Chief executive officer

Sandton

22 November 2006

These results and a presentation to analysts and shareholders are available on the group's website at www.nampak.com