Nampak
packaging excellence

Interim report and dividend declaration

for the six months ended 31 March 2013

Company profile

Nampak is Africa's largest packaging manufacturer with operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

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

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

The group's world-class research and development facility based in Cape Town provides technical expertise and support to Nampak's businesses as well as to its customers.

Nampak has a level 3 BBBEE rating as certified by independent ratings agency, Empowerdex.

The corporate office is based in Sandton, South Africa.

Highlights

Trading profit up 6%

Operating profit up 13%

HEPS up 3%

EPS up 19%

Profits from rest of Africa up 39%

Including exports, rest of Africa accounted for 28% of group trading profit

Return on equity 24%

Group performance

Revenue grew by 7% with South Africa increasing by 4%, the rest of Africa by 19% and the United Kingdom by 13%.

Trading profit increased by 6% and the trading margin held steady at 10.1% compared to 10.2% in 2012. Trading profit in the rest of Africa increased from R142 million to R197 million with strong performances by Angola and Zambia. In South Africa, trading profits were lower due mainly to reduced contributions from the glass, food and the diversified can businesses as well as lower profits from the paper and flexible segment. Price reductions were agreed in beverage cans and glass to secure long-term supply contracts. In the United Kingdom trading profit was similar to last year in pound terms but due to the weaker rand exchange rate it was stronger in rands.

Operating profit increased by 13% and was enhanced by a gain on the revaluation of the acquisition of the Elopak joint venture (R23 million) and a gain on the reconsolidation of the Zimbabwean entities (R88 million). The operating entities in Zimbabwe were reconsolidated effective 1 October 2012 and contributed R67 million of revenue and R22 million of profit after tax during the period under review.

Earnings per share increased by 19%. Headline earnings per share increased by 3% to 108.8 cents as a result of the improvement in operating profit.

Net debt to equity increased to 32% from 23% in September last year mainly as a result of increased capital expenditure and the increase in working capital. Net debt increased to R2.1 billion at the end of March 2013 from R1.4 billion at the end of September 2012. This reflects a 13.7 times EBITDA: Interest cover.

The effective tax rate was 20.5% compared to 24.9% in 2012. The gain on the revaluation of the joint venture acquired and the gain on the reconsolidation of the Zimbabwe operations, neither of which attracted tax, contributed to the lower effective tax rate.

The interim gross dividend has been increased by 4% to 42.0 cents per share.

Total capital expenditure amounted to R631 million compared to R461 million in 2012 with R325 million spent on the new aluminium beverage can line at Springs.

Investment in working capital increased by R720 million. The increase in trade receivables was due to the March 2013 month-end falling on the Easter long weekend. Trade and other payables declined due to payments to creditors in respect of abnormally high levels of stock builds and capital equipment purchases in the previous year.

Geographic review

	Revenue		*Trading profit**		*Margin*	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 %**	2012 %
South Africa	**7 200**	6 915	**570**	711	**7.9**	10.3
Rest of Africa	**1 237**	1 036	**197**	142	**15.9**	13.7
United Kingdom	**942**	832	**73**	63	**7.7**	7.6
Other			**111**	(22)		
Total	**9 379**	8 783	**951**	894	**10.1**	10.2

**Operating profit before abnormal items*

South Africa

Revenue increased by 4%, trading profit declined by 20% and the margin decreased to 7.9% from 10.3%. This was primarily due to lower selling prices agreed in the metals and glass businesses to secure long-term supply contracts. These long-term contracts have enabled the group to proceed with major expansions of capacity in beverage cans and glass bottles.

Rest of Africa

Trading profit increased by 39% on continued good results from Angola and the rest of Africa. Kenya benefitted from a good pineapple crop. Margins in the rest of Africa improved to 15.9% compared to 13.7% in 2012. Including exports, the trading profit generated in the rest of Africa accounted for 28% of group profits.

United Kingdom

Trading profit was similar to last year at £5.2 million as a result lower volumes following the closure of some plants by the business' largest customer offset by good cost control. In rand terms trading profit increased by 16%.

Other

This segment comprises corporate services as well as property administration. Trading profit increased due to the inclusion of the profit arising from the revaluation of financial instruments amounting to R9 million (loss in 2012 of R53 million).

Segmental review

Metals and Glass

	Revenue		Trading profit*		Margin	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 %	2012 %
South Africa	3 146	2 865	347	407	11.0	14.2
Rest of Africa	815	640	104	55	12.8	8.6
Total	3 961	3 505	451	462	11.4	13.2

**Operating profit before abnormal items*

South Africa

Good demand for beverage cans for beer, ciders, alcoholic fruit beverages and energy drinks continued during the period. The trading profit and margin of the business were adversely affected by lower average selling prices which were agreed as part of long-term supply contracts. The conversion of beverage cans from tinplate to aluminium is progressing as planned with the new aluminium can manufacturing line at Springs being commissioned during May.

Sales of food cans were affected by weak consumer demand as well as increased competition which impacted margins. Sales of fish cans were substantially higher than last year but fruit and vegetable can sales were lower. The weak consumer spending also had a marked effect on sales of aerosol, paint and polish cans. The furnace fire at Arcelor Mittal in February required the urgent importation of more expensive tinplate to maintain supply continuity.

There was weaker demand for glass bottles, mainly driven by exports of bulk wine and some consumer pack changes in the beer and soft drink markets where cans and PET bottles experienced growth. Given the weaker than expected demand for glass bottles, the planned commissioning of the third furnace announced in January has been delayed until the middle of 2014. The contracts that have been concluded with major customers for the majority of the third furnace capacity also contributed to margin pressure in this period.

Rest of Africa

There was strong demand for beverage cans in Angola and this together with the lifting of the consumption tax in March last year contributed to a significant improvement in trading profit.

In Nigeria, weak demand and ongoing political problems in the north of the country resulted in lower volumes. A good pineapple crop in Kenya contributed to higher sales of food cans.

Paper and Flexibles

	Revenue		Trading profit*		Margin	
	2013 Rm	2012 Rm	2013 Rm	2012 Rm	2013 %	2012 %
South Africa	2 015	2 052	17	84	0.8	4.1
Rest of Africa	422	396	93	87	22.0	22.0
Total	2 437	2 448	110	171	4.5	7.0

**Operating profit before abnormal items*

South Africa

This segment was most affected by the downturn in consumer spending as folding cartons and flexible packaging are used for many consumer goods. This also impacted on sales of the associated corrugated boxes.

There was strong demand for corrugated boxes in the agricultural sector but this was more than offset by poor demand in the commercial sector.

The flexible business was adversely affected by the weak consumer environment.

The cartons and labels business performed poorly due to costs of integrating the Pinetown operation into the Denver factory as well as the loss of market share in the Western Cape. Overall volumes were also down on reduced consumer spending.

The demand for cement sacks was well down on last year exacerbated by increased bulk sales of cement. Export sales to Angola were lower as a result of competition from Brazilian suppliers and exports of tea sacks to Kenya were lower due to the imposition of import duties.

Rest of Africa

Due to destocking in the first quarter by the major customer, cigarette carton sales in Nigeria were down on last year but are anticipated to recover in the second half of the year. Nigeria is also expected to benefit from increased sales of cigarette cartons in the greater West African region.

The Zambian business continued to perform well assisted by strong export sales of crowns to the DRC and Malawi as well as good demand for sugar sacks, plastic crates and sorghum beer cartons. Malawi achieved a substantial increase in trading profit on improved demand from the commercial corrugated sector.

Zimbabwe achieved a satisfactory profit.

Plastics

	Revenue		*Trading profit**		*Margin*	
	2013 Rm	2012 Rm	**2013 Rm**	2012 Rm	**2013 %**	2012 %
South Africa	**1 229**	1 192	**163**	168	**13.3**	14.1
United Kingdom	**942**	832	**73**	63	**7.7**	7.6
Total	**2 171**	2 024	**236**	231	**10.9**	11.4

**Operating profit before abnormal items*

South Africa

Revenue increased by 3% and trading profit decreased by 3%.

New legislation in Botswana regulating the distribution of sorghum beer resulted in lower export sales of sorghum beer cartons. Sales of lower-margin PET pre-forms increased at the expense of PET bottles and contributed to the reduction in the trading profit.

There was weak demand for plastic bottles for milk and juice. Elopak was 100% owned effective from 1 November 2012.

Sales of large-drums were lower due to reduced offtake from customers who use these drums for the export of alcohol. There was moderate demand for beverage crates. Production problems at the Olifantsfontein factory impacted negatively on the Megapak business. These have been satisfactorily resolved.

Sales of plastic closures for carbonated soft drinks improved but sales of higher-value closures such as those used on sports-drink bottles were lower. Reduced demand from food customers resulted in lower sales of metal twist-off closures.

United Kingdom

Trading profit was similar to last year at £5.2 million as a result of lower volumes following the closure of some plants by the business' largest customer offset by good cost control. In rand terms trading profit increased by16%. The Nampak patented Infini lightweight-bottle increased its market penetration.

Tissue

	Revenue		*Trading profit**		*Margin*	
	2012 Rm	2011 Rm	**2012 Rm**	2011 Rm	**2012 %**	2011 %
South Africa	**810**	806	**43**	52	**5.3**	6.5

**Operating profit before abnormal items*

The toilet tissue market remained highly competitive compounded by very little volume growth. Diaper sales were lower as a result of competitive pricing. There have been changes in senior management and costs across the business are being reduced.

Funding

The group has successfully raised US$175 million in the United States Private Placement market. The tenure of the loan ranges between 7 and 10 years and is fixed at extremely competitive rates. The proceeds will be used to fund the group's African expansion strategy.

Outlook

The rest of Africa is expected to continue generating good results but the downturn in consumer spending in South Africa is anticipated to continue. The steady performance from the United Kingdom should continue. Overall, we believe the group is strategically well positioned for ongoing growth, especially in Africa.

Retirement of CEO

The board of directors of Nampak has agreed to the request of the CEO, Andrew Marshall, to retire in March 2014, by which time he will have completed five years as CEO.

The board wishes to thank Mr Marshall for his valuable contribution to the group. During his tenure the group's expansion into the rest of Africa was accelerated, under-performing businesses were closed or sold and profitability improved significantly.

In line with Nampak's succession planning policy, internal and external candidates will be considered for the CEO position and a further announcement on a successor will be made in due course.

Declaration of ordinary dividend number 82

Notice is hereby given that a gross interim ordinary dividend number 82 of 42.0 cents per share (2012: 40.5 cents per share) has been declared in respect of the six months ended 31 March 2013, payable to shareholders recorded as such in the register of the company at the close of business on the record date, Friday, 5 July 2013. The last day to trade to participate in the dividend is Friday, 28 June 2013. Shares will commence trading "ex" dividend from Monday, 1 July 2013.

The important dates pertaining to this dividend are as follows:

Last day to trade ordinary shares "cum" dividend	Friday, 28 June 2013
Ordinary shares trade "ex" dividend	Monday, 1 July 2013
Record date	Friday, 5 July 2013
Payment date	Monday, 8 July 2013

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 1 July 2013 and Friday, 5 July 2013, both days inclusive.

In accordance with the JSE Listings Requirements, the following additional information is disclosed:

The dividend has been declared from income reserves;

The dividend withholding tax rate is 15%;

The company will utilise the credits in terms of secondary tax on companies ("STC"). The STC credits utilised as part of this declaration amount to R495 099, being 0.07098 cents per share;

The net local dividend amount is 35.71065 cents per share for shareholders liable to pay dividends tax and 42.0 cents per share for shareholders exempt from paying dividends tax;

The issued number of ordinary shares at the declaration date is 697 483 750; and

Nampak Limited's tax number is 9875081714.

On behalf of the board

TT Mboweni	AB Marshall
Chairman	Chief executive officer

28 May 2013

Condensed group statement of comprehensive income

for the six months ended 31 March 2013

	Notes	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Change %	Audited year ended 30 Sept 2012 Rm
Revenue		9 378.7	8 783.1	6.8	17 639.1
Operating profit	2	1 058.4	934.3	13.3	1 793.7
Finance costs		121.8	91.6		217.7
Finance income		17.1	26.9		48.5
Income from investments		5.4	5.3		5.3
Share of profit of associates		20.6	4.5		8.3
Profit before tax		979.7	879.4	11.4	1 638.1
Taxation		200.9	219.2		446.3
Profit for the period		778.8	660.2	18.0	1 191.8
Other comprehensive income/(expense) for the period, net of tax					
Exchange differences on translation of foreign operations		237.9	(101.2)		143.4
Net actuarial losses from retirement benefit obligations		—	—		(159.8)
Gains/(losses) on cash flow hedges		5.4	(7.8)		(4.5)
Other comprehensive income/(expense) for the period, net of tax		243.3	(109.0)	323.2	(20.9)
Total comprehensive income for the period		1 022.1	551.2		1 170.9
Profit attributable to:					
Owners of Nampak Limited		775.2	669.4	15.8	1 207.1
Non-controlling interest in subsidiaries		3.6	(9.2)		(15.3)
		778.8	660.2		1 191.8
Total comprehensive income/(expense) attributable to:					
Owners of Nampak Limited		1 023.0	557.7		1 187.2
Non-controlling interest in subsidiaries		(0.9)	(6.5)		(16.3)
		1 022.1	551.2		1 170.9
Basic earnings per share (cents)		134.8	113.2	19.1	204.0
Fully diluted earnings per share (cents)		128.1	109.1	17.4	197.4
Headline earnings per ordinary share (cents)		108.8	106.0	2.6	200.8
Fully diluted headline earnings per share (cents)		103.6	102.3	1.3	194.4
Dividend per share (cents)		42.0	40.5	3.7	129.5

Condensed group statement of financial position

as at 31 March 2013

	Notes	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
ASSETS				
Non-current assets				
Property. plant and equipment and investment property		7 036.3	6 218.6	6 612.1
Goodwill and other intangible assets		808.5	698.0	715.1
Other non-current financial assets and associates		274.7	158.9	153.2
Deferred tax assets		75.9	24.6	65.5
		8 195.4	7 100.1	7 545.9
Current assets				
Inventories		3 393.9	3 051.7	3 336.3
Trade receivables and other current assets		2 819.6	2 600.5	2 557.0
Tax assets		2.1	2.2	2.9
Bank balances, deposits and cash	6	2 083.5	1 902.2	1 780.0
		8 299.1	7 556.6	7 676.2
Assets classified as held for sale		—	—	27.9
Total assets		16 494.5	14 656.7	15 250.0
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		35.9	35.8	35.9
Capital reserves		(704.4)	(737.5)	(736.6)
Other reserves		(77.8)	(446.2)	(349.9)
Retained earnings		7 544.7	7 024.3	7 321.5
Shareholders' equity		6 798.4	5 876.4	6 270.9
Non-controlling interest		(55.4)	(44.7)	(54.5)
Total equity		6 743.0	5 831.7	6 216.4
Non-current liabilities				
Loans and borrowings		1 609.3	1 579.6	1 594.9
Retirement benefit obligation		1 637.3	1 363.2	1 618.3
Other non-current liabilities		14.5	8.0	13.7
Deferred tax liabilities		730.8	494.6	650.1
		3 991.9	3 445.4	3 877.0
Current liabilities				
Trade payables, provisions and other current liabilities		3 017.6	3 375.6	3 471.7
Bank overdrafts	6	1 813.5	1 863.2	1 575.7
Loans and borrowings		806.8	24.4	18.1
Tax liabilities		121.7	116.4	91.1
		5 759.6	5 379.6	5 156.6
Total equity and liabilities		16 494.5	14 656.7	15 250.0

Condensed group statement of cash flows

for the six months ended 31 March 2013

	Notes	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
Cash generated from operations before working capital changes		1 327.4	1 256.0	2 497.1
Working capital changes		(719.7)	(291.9)	(339.6)
Cash generated from operations		607.7	964.1	2 157.5
Net interest paid		(105.6)	(52.1)	(154.2)
Income from investments		5.4	5.3	5.3
Tax paid		(165.0)	(202.1)	(417.2)
Replacement capital expenditure		(495.4)	(342.6)	(778.7)
Cash (utilised in)/retained from operations		(152.9)	372.6	812.7
Dividends paid		(527.7)	(180.3)	(421.1)
Cash distributions paid		—	(257.1)	(257.1)
Net cash (utilised in)/retained from operating activities		(680.6)	(64.8)	134.5
Expansion capital expenditure		(136.0)	(118.8)	(303.7)
Acquisition of businesses	3	(110.4)	(976.3)	(977.5)
Other investing activities		78.4	12.1	21.5
Net cash utilised before financing activities		(848.6)	(1 147.8)	(1 125.2)
Net cash generated from financing activities		823.3	441.5	465.4
Net decrease in cash and cash equivalents		(25.3)	(706.3)	(659.8)
Cash and cash equivalents at beginning of period		204.3	797.9	797.9
Translation of cash in foreign subsidiaries		91.0	(52.6)	66.2
Net cash and cash equivalents at end of period	6	270.0	39.0	204.3

Group statement of changes in equity

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
Opening balance	6 216.4	5 694.9	5 694.9
Net shares issued during the period	22.6	15.2	21.8
Share-based payment expense	9.6	7.8	19.2
Share grants exercised	—	—	(16.7)
Share of movement in associate's non-distributable reserve	—	—	(0.4)
Transfer from hedging reserve to related assets	—	—	1.7
Gain on available-for-sale financial assets	—	—	3.2
Total comprehensive income for the period	1 022.1	551.2	1 170.9
Dividends paid	(527.7)	(180.3)	(421.1)
Cash distributions from share premium	—	(257.1)	(257.1)
Closing balance	6 743.0	5 831.7	6 216.4
Comprising:			
Share capital	35.9	35.8	35.9
Capital reserves	(704.4)	(737.5)	(736.6)
Share premium	40.2	11.1	17.6
Treasury shares	(1 104.3)	(1 104.3)	(1 104.3)
Share-based payments reserve	359.7	355.7	350.1
Other reserves	(77.8)	(446.2)	(349.9)
Foreign currency translation reserve	510.4	19.7	268.0
Hyperinflation capital adjustment	—	(24.3)	(24.3)
Financial instruments hedging reserve	11.0	0.6	5.6
Recognised actuarial losses	(578.1)	(405.4)	(578.1)
Share of non-distributable reserves in associates	0.9	1.3	0.9
Available-for-sale financial assets revaluation reserve	(22.2)	(38.3)	(22.2)
Other	0.2	0.2	0.2
Retained earnings	7 544.7	7 024.3	7 321.5
Shareholders' equity	6 798.4	5 876.4	6 270.9
Non-controlling interest	(55.4)	(44.7)	(54.5)
Total equity	6 743.0	5 831.7	6 216.4

Notes

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
1. Basis of preparation and accounting policies			
The condensed interim consolidated financial statements have been prepared in accordance with the framework concept, measurement and recognition criteria of IFRS and in accordance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS) including the information required by IAS34: Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board and the Companies Act No. 71 of 2008 (as amended).			
The accounting policies applied are consistent with those applied for the group's 2012 annual financial statements.			
The interim financial statements have been prepared under the supervision of MS Bottyan CA(SA).			
2. Included in operating profit are:			
Depreciation	355.7	297.7	631.3
Amortisation	18.9	6.6	28.4
Reconciliation of operating profit and trading profit			
Operating profit	1 058.4	934.3	1 793.7
Abnormal (gains)/losses*	(107.0)	(40.2)	(21.2)
Retrenchment and restructuring costs	4.0	3.8	10.9
Net impairment losses on investments, property, plant and equipment, goodwill and other intangible assets	0.7	0.2	9.5
Cash flow hedge ineffectiveness	(0.1)	—	3.1
Net profit on disposal of property	(0.8)	(0.2)	(0.2)
Net profit on disposal of businesses and other investments	—	—	(0.5)
Gain on revaluation of original interest in joint venture acquired	(23.2)	(44.0)	(44.0)
Gain on reconsolidation of Zimbabwe entities	(87.6)	—	—
Trading profit	951.4	894.1	1 772.5

**Abnormal (gains)/losses are defined as gains and losses 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. The fair value gain/loss on financial instruments, which was previously included in abnormal items, has now been reclassified to trading profit due to the related gain or loss incurred on the procurement of materials being included in trading profit. Comparatives have also been restated.*

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
3. Acquisition of the remaining interest in joint venture			
In line with the group's strategy to grow its core businesses, the group acquired with effect from 1 November 2012 the remaining 50% interest in Elopak SA (Pty) Ltd ("Elopak") which was held by Elopak AS for an amount of R116.2 million paid in cash.			
In the previous year, the group acquired with effect from 1 March 2012 the remaining 50% interest in Nampak Wiegand Glass (Pty) Limited ("Glass") which was held by Wiegand Glass (SA) (Pty) Limited for an amount of R974.5 million paid in cash.			
Assets acquired and liabilities recognised at the date of acquisition:			
Current assets			
Inventories	13.5	86.6	86.7
Trade and other receivables	20.8	78.6	78.6
Bank and cash	5.8	—	—
Non-current assets			
Property, plant and equipment	23.2	456.9	491.1
Intangibles	43.9	0.2	237.5
Loans	2.3	—	—
Currrent liabilities			
Trade and other payables	(7.8)	(67.2)	(67.2)
Bank overdraft	—	(3.0)	(3.0)
Non-current liabilities			
Loans	—	(17.8)	(17.8)
Retirement benefit obligation	—	(6.9)	(6.9)
Deferred tax	(16.2)	(30.6)	(101.6)
	85.5	496.8	697.4

The initial accounting for the acquisition of Glass had only been provisionally determined at the end of March 2012 as the necessary market valuations and other calculations had not been finalised. The assets acquired and liabilities recognised were therefore based on their carrying values as at 1 March 2012, which were provisionally determined as being the best estimates of their fair values. Subsequent to March, an intangible relating to customer relationships was identified.

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
3. Acquisition of the remaining interest in joint venture *(continued)*			
Goodwill arising on acquisition			
Consideration paid in cash	116.2	973.3	974.5
Plus: net gain on revaluation of originally held interest	23.2	44.0	44.0
Less: fair value of identifiable net assets acquired	(85.5)	(496.8)	(697.4)
Goodwill arising on acquisition	53.9	520.5	321.1
Goodwill arose on the respective acquisitions of the remaining interests in Elopak and Glass as the cost of each combination included a control premium. The consideration paid for each combination also included the expected benefits of revenue growth and future profitability.			
Net cash outflow on acquisition			
Consideration paid in cash	116.2	973.3	974.5
(Deduct)/add: bank and cash balances/bank overdraft acquired	(5.8)	3.0	3.0
Net cash outflow on acquisition	110.4	976.3	977.5
Impact of the acquisition on the results of the group (current year)			
Included in the group net revenue and profit after tax for the period is R42.4 million and R4.1 million respectively which is attributable to the remaining interest acquired in Elopak.			
Had Elopak been acquired with effect 1 October 2012, the net revenue of the group would have been R9 387.6 million, while the profit after tax would have been R779.9 million.			

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
4. Reconsolidation of the Zimbabwe entities			
The group reconsolidated the Zimbabwe operating entities effective 1 October 2012. These entities consist of CarnaudMetalbox Zimbabwe Ltd ("CMB"), a wholly owned subsidiary, and two associates, Megapak Zimbabwe (Pvt) Ltd (49% interest) ("Megapak Zim") and Hunyani Holdings Ltd (38.91% interest) ("Hunyani"). The entities had previously been deconsolidated in 2007 due to Nampak Ltd having lost control over these entities. The circumstances that led to this loss of control were the threat of indigenisation and pricing legislation, restrictions on the repatriation of funds from these entities to their holding companies (outside Zimbabwe) and the hyperinflationary environment in which these entities were operating. It is believed that these circumstances no longer exist or their impact has been reduced significantly such that reconsolidating these entities reflects a more accurate position of the performance of the group. On reconsolidation, the equity of CMB was valued at US$0.5 million, while the equity of the associates, Megapak Zim and Hunyani, were valued at US$9.5 million and US$10.3 million respectively.			
Assets acquired and liabilities recognised for CMB at the date of its reconsolidation:			
Current assets			
Inventories	29.6	—	—
Trade and other receivables	21.8	—	—
Bank and cash	6.0	—	—
Non-current assets			
Property, plant and equipment	38.9	—	—
Currrent liabilities			
Trade and other payables	(69.9)	—	—
Non-current liabilities			
Loans	(11.1)	—	—
Deferred tax	(2.5)	—	—
	12.8	—	—

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
4. Reconsolidation of the Zimbabwe entities *(continued)*			
The initial accounting for the reconsolidation of CMB has only been provisionally determined at the end of March 2013 as the necessary market valuations and other calculations have not been finalised. The assets acquired and liabilities recognised are therefore based on their carrying values as at 1 October 2012, which were provisionally determined as being the best estimates of their fair value.			
The gain on the reconsolidation of the Zimbabwe interests includes a gain of R8.6 million attributable to the fair value of the original interest in CMB being less than the carrying value of its net identifiable assets.			
Impact of the reconsolidation on the results of the group (current year)			
Net revenue for the group includes R66.9 million attributable to CMB, while profit after tax for the group includes R0.5 million attributable to CMB, as well as R21.0 million attributable to the associates, Megapak Zim and Hunyani.			
5. Determination of headline earnings			
Profit attributable to equity holders of the company for the period	775.2	669.4	1 207.1
Less: preference dividend	—	—	(0.1)
Basic earnings	775.2	669.4	1 207.0
Adjusted for :			
Net impairment losses on investments, property, plant and equipment, goodwill and other intangible assets	0.7	0.2	9.5
Net profit on disposal of businesses and other investments	—	—	(0.5)
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	(26.9)	2.3	26.5
Gain on revaluation of original interest in joint venture acquired	(23.2)	(44.0)	(44.0)
Gain on reconsolidation of Zimbabwe entities	(87.6)	—	—
Tax effects and non-controlling interest	7.2	(0.7)	(10.1)
Headline earnings for the period	645.4	627.2	1 188.4

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
6. Cash and cash equivalents			
Bank balances, deposits and cash	2 083.5	1 902.2	1 780.0
Bank overdrafts	(1 813.5)	(1 863.2)	(1 575.7)
	270.0	39.0	204.3
7. Supplementary information			
Capital expenditure	631.4	461.4	1 084.2
– expansion	136.0	118.8	303.7
– replacement	495.0	342.1	778.7
– intangibles	0.4	0.5	1.8
Capital commitments	2 338.3	1 380.2	1 093.7
– contracted	766.5	376.9	406.3
– approved not contracted	1 571.8	1 003.3	687.4
Lease commitments	257.7	139.6	184.1
– land and buildings	139.4	90.4	136.1
– other	118.3	49.2	48.0
Contingent liabilities	5.6	63.7	48.8
– customer claims and guarantees	5.6	8.4	12.6
– tax contingent liabilities	–	55.3	36.2
8. Share statistics			
Ordinary shares in issue (000)	697 484	696 260	696 712
Ordinary shares in issue – net of treasury shares (000)	593 187	591 962	592 415
Weighted average number of ordinary shares on which headline earnings and basic earnings per share are based (000)	593 001	591 646	591 750
Weighted average number of ordinary shares on which diluted headline earnings and diluted basic earnings per share are based (000)	630 324	622 472	622 488

Notes *(continued)*

for the six months ended 31 March 2013

	Unaudited 6 months ended 31 March 2013 Rm	Unaudited 6 months ended 31 March 2012 Rm	Audited year ended 30 Sept 2012 Rm
9. Additional disclosures			
EBITDA*	1 433.7	1 238.8	2 462.9
Net gearing	32%	27%	23%
Net debt: EBITDA*	0.7 times	0.6 times	0.6 times
Interest cover**	9.3 times	14.0 times	10.6 times
EBITDA: Interest cover*	13.7 times	19.1 times	14.6 times
Total liabilities: equity	145%	151%	145%
Return on equity	24%	24%	20%
Return on net assets**	19%	21%	20%
Average net working capital: net revenue	15%	12%	13%
Net worth per ordinary share (cents)***	1 137	985	1 049
Tangible net worth per ordinary share (cents)***	1 000	867	929

**EBITDA is calculated before net impairments*

***Comparative ratios have been restated due to the fair value gain/loss on financial instruments, which was previously included in abnormal items, having now been reclassified to trading profit, as disclosed in note 2*

****Calculated on ordinary shares in issue – net of treasury shares*

10. Translation reserve movement

Due to the weakening of the rand, a translation gain of R237.9 million (2012: R101.2 million loss) was recognised for the period. The closing exchange rate at 31 March was £1: 14.05 (2012: £1: 12.23).

11. Related party transactions

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions is included in the financial performance and results of the group.

Administration

Nampak Limited
Registration number 1968/008070/06
Incorporated in the Republic of South Africa
Share code: NPK ISIN: ZAE000071676

Independent non-executive directors:
TT Mboweni (Chairman), RC Andersen, RJ Khoza, PM Madi, VN Magwentshu, DC Moephuli, CWN Molope, RV Smither, PM Surgey.

Executive directors:
AB Marshall (Chief executive officer), G Griffiths (Chief financial officer), FV Tshiqi (Group human resources director).

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

Website: www.nampak.com

Disclaimer

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe","anticipate", "expect", "intend", "seek", "will", "plan", "could", "may","endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward-looking statements will not be achieved.
If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward-looking statements are discussed in each year's annual report. Forward-looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

Nampak
packaging excellence