

2014 FINANCIAL STATEMENTS

2014 FINANCIAL STATEMENTS



Nampak
packaging excellence

ANGOLA
BOTSWANA
ETHIOPIA
KENYA

MALAWI
AMBIGUE
NIGERIA
SOUTH AFRICA
SWAZILAND
TANZANIA
UNITED KINGDOM
ZAMBIA
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Certificate by company secretary

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In terms of section 88(2)(e) of the Companies Act, No 71 of 2008, I certify that the company has lodged with the Commissioner all such returns and notices required by the Companies Act and that all such returns and notices are true, correct and up to date.



NP O'Brien
Company secretary

20 November 2014

Directors' responsibility for annual financial statements

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 the recognition and measurement requirements of International Financial Reporting Standards and the requirements of the Companies Act, No 71 of 2008, and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

The directors are responsible for the internal controls and 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 appropriate segregation of duties.

The board is responsible for ensuring that the company maintains a sound and effective system of internal controls and risk management. The audit committee assessed the effectiveness of the system of internal controls and risk management for the year under review, principally through self-assessment by, and information from, management and reports from the internal and external auditors. Based on these processes and reports the board is of the opinion that the company's system of internal control and risk management is effective and provides reasonable assurance on the integrity and reliability of the financial statements and the safeguarding of the company's assets.

It is the responsibility of the independent auditors to report on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

The annual financial statements for the year ended 30 September 2014, set out on pages 4 to 122, were approved by the board of directors at its meeting on 20 November 2014 and are signed on its behalf by:



TT Mboweni
Chairman



AM de Ruyter
Chief executive officer

Preparer of financial statements

The annual financial statements have been prepared under the supervision of G Griffiths CA(SA).



G Griffiths
Chief financial officer

20 November 2014

Independent auditors' report

To the shareholders of Nampak Ltd

Report on the financial statements

We have audited the consolidated and separate financial statements of Nampak Ltd set out on pages 10 to 122, which comprise the statements of financial position as at 30 September 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 of 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 policies 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Nampak Ltd as at 30 September 2014, 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the consolidated and separate audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the consolidated and separate audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per AF Mackie
Partner

20 November 2014

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

National executive: LL Bam Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory, NIB Kader Tax, TP Pillay Consulting, K Black Clients & Industries, JK Mazzocco Talent & Transformation, MJ Jarvis Finance, M Jordan Strategy, S Gwala Managed Services, TJ Brown 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 2 contributor in terms of Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Audit committee report

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Introduction

The audit committee presents its report for the financial year ended 30 September 2014. The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of section 94(7) of the Companies Act, No 71 of 2008, and as contained in the committee's charter.

Membership

Shareholders appointed three members to the committee for the 2014 financial year at the annual general meeting on 6 February 2014. The board decided in March 2014 to increase the committee to five members and appointed two independent non-executive directors to fill the vacancies. The current members are as follows:

Name	Date of appointment
RV Smither (chairman)	6 February 2014
RC Andersen	6 February 2014
NV Lila	27 March 2014
IN Mkhari	27 March 2014
CWN Molope	6 February 2014

Shareholders will be requested to approve the appointment of the committee members for the 2015 financial year at the annual general meeting to be held on 4 February 2015.

The CVs of the committee members and their attendance at committee meetings can be found on pages 10, 11 and 72 of the integrated annual report. 

Meetings

The committee meets at least twice per year and during the year under review the committee met three times. The group chairman, chief executive officer (CEO), chief financial officer (CFO), internal auditors and external auditors all attend meetings of the committee by invitation. 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 internal and external auditors to obtain assurance that they have received full co-operation from management, while the committee chairman meets regularly with key executives to review issues which require consideration by the committee.

Role of the committee

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website www.nampak.com . The responsibilities 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 appointment, performance assessment and authority to dismiss the chief internal audit executive;
- the review of the annual financial statements, the interim reports and any other announcement regarding the group's results or other financial information to be made public;

- review of the process for financial reporting; and
- review and evaluation of the expertise and experience of the CFO.

Discharge of responsibilities

During the year under review the committee:

- reviewed the interim and annual financial statements and recommended them for approval by the board;
- reviewed the integrated annual report for 2014 and recommended it for approval by the board;
- reviewed and satisfied itself that the company's finance function was adequately resourced by people with appropriate expertise and experience and that the internal financial controls were effective;
- satisfied itself that the CFO, Mr Gareth Griffiths, has appropriate expertise and experience;
- resolved to continue to outsource the internal audit function to EY during the financial year;
- approved the internal audit charter and audit plans;
- received and reviewed reports from both the internal and external auditors, which included commentary on 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 appointment at the annual general meeting as auditors for the 2014 financial year, with Mr Andrew Mackie as the designated auditor;
- ensured that the appointment of the external auditors complied with the provisions of the Companies Act, No 71 of 2008, and other legislation relating to the appointment of auditors;
- determined the fees to be paid to the external and internal 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;
- noted that it had not received 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;
- ensured that a combined assurance model was applied to provide a co-ordinated approach to all assurance activities;
- was responsible for the oversight of financial reporting risks, internal financial controls, fraud risks as it relates to financial reporting and IT risks as it relates to financial reporting; and
- reviewed with management legal and regulatory matters that could have a material impact on the group

General

The internal and external auditors have unrestricted access to the committee.

During the year the committee performed the functions required of an audit committee on behalf of all subsidiary companies in South Africa which are required to have an audit committee in terms of the Companies Act, No 71 of 2008.

I have decided to retire as chairman of the audit committee at the annual general meeting in 2015, having served as chairman of the committee for the past eight years.



RV Smither
Chairman of the audit committee

20 November 2014

Directors' report

for the year ended 30 September 2014

Business of the company

Nampak, which has been listed on the JSE since 1969, is Africa's largest and most diversified packaging manufacturer, with operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Packaging products are produced from metal, paper, plastics and glass.

Nampak is also a major manufacturer and marketer of a wide range of tissue products and is the leading supplier of plastic bottles to the dairy industry in the United Kingdom.

The 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.

Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, No 71 of 2008. The principal accounting policies have been applied consistently with the previous year, except for the adoption of new or revised accounting standards, interpretations and restatements which are set out in note 27 of the accounting policies.

Borrowing facilities

Group gross borrowings at 30 September 2014 amounted to R7 081.3 million (2013: R5 753.6 million). In terms of the company's memorandum of incorporation, the borrowing powers are unlimited. Details of the borrowings and facilities are set out in notes 1 and 15 to the full annual financial statements.

Review of operations and results

In 2014, Nampak's results were impacted positively by the performance of the business in the rest of Africa, especially the beverage can making business in Angola as well as the newly acquired Bevcn Nigeria. Profits from the South African businesses

were disappointing. Group headline earnings per share from continuing operations increased by 14.2%. EBITDA (adjusted for impairments) at R2.9 billion was an increase of 4.9% over the previous year.

Corporate activity

Nampak communicated in September 2013 the conclusion of an agreement to sell the Nampak Cartons and Labels business in South Africa to a subsidiary of Caxton and CTP Publishers and Printers Ltd. The sale was subject to a number of conditions precedent, including approval by the competition authorities. The Competition Tribunal approved the transaction on 9 July 2014 and the transaction became effective on 1 August 2014.

Nampak has acquired a majority shareholding in Hunyani Holdings Ltd, to be renamed Nampak Zimbabwe Ltd, through the consolidation of the entities Hunyani Holdings Ltd, CarnaudMetalbox Zimbabwe Ltd and MegaPak Zimbabwe (Private) Ltd. The transaction is expected to be completed in the first quarter of the 2015 financial year.

The group acquired the entire equity of Alucan Investments Ltd with effect from 1 March 2014. The sole investment of this group is Alucan Packaging Ltd which has been renamed Bevcn Nigeria.

In addition, the group acquired the joint-venture partner's share (51%) in Bullpak Ltd in Kenya with effect from 1 September 2014.

Subsequent to year-end certain tax issues have been resolved. This will have a favourable impact on future tax charges.

Nampak announced the disposal of the paper businesses Nampak Corrugated, Nampak Tissue and Nampak Sacks, on 20 November 2014 for R1.6 billion. There are conditions precedent and it is expected that the transaction will be concluded in the second half of the 2015 financial year.

There were no companies deregistered during the year under review.

Directors' report continued

for the year ended 30 September 2014

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Share capital

	Authorised Number of shares	R million	Issued Number of shares	R million
Ordinary shares of 5 cents each	776 857 200	38.9	700 707 537	35.1
6.5% cumulative preference shares of R2 each	100 000	0.2	100 000	0.2
6% cumulative preference shares of R2 each	400 000	0.8	400 000	0.8
Redeemable preference shares of 5 cents each	100	–	–	–
		39.9		36.1

Note:

The issued ordinary share capital consists of 72 440 050 treasury shares of which 27 369 195 are held by the Nampak Black Management Share Trust.

Share premium as at 30 September 2014: R147.0 million.

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

During the year the issued ordinary share capital was increased as follows:

	Ordinary shares of 5 cents each
Issued at 30 September 2013	697 897 394
Ordinary shares allotted to employees other than directors in terms of the Nampak Deferred Bonus Plan (DBP)	112 101
Ordinary shares allotted to directors in terms of the DBP	120 668
Ordinary shares allotted to employees other than directors in terms of the Nampak 1985 Share Option Scheme (Option Scheme)	240 000
Ordinary shares allotted to employees other than directors in terms of the Nampak Ltd Performance Share Plan (PSP)	381 087
Ordinary shares allotted to directors in terms of the PSP	400 483
Ordinary shares allotted to employees other than directors in terms of the Nampak Ltd Share Appreciation Plan (SAP)	1 358 440
Ordinary shares allotted to directors in terms of the SAP	197 364
Issued at 30 September 2014	700 707 537

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

Share plans

The Nampak 1985 Share Option scheme (Option Scheme)

A total of 240 000 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 2014	2013
Balance at the commencement of the financial year	240 000	703 300
Options exercised during the year	(240 000)	(463 300)
Options forfeited during the year	–	–
Balance at the end of the financial year	–	240 000
These options are exercisable over periods between 1 October 2014 and 1 December 2015:		
Directors*	–	–
Other employees and retirees	–	240 000
Total	–	240 000
Number of participants	–	4

*Please refer to page 9 of the directors' report for details of directors' share options.

Directors' report continued

for the year ended 30 September 2014

The Nampak Ltd Performance Share Plans and the Nampak Ltd Share Appreciation Plans

No further allocations of awards have been made in terms of the PSP and the SAP since 2009.

Details of the share plans are included in the remuneration report on pages 83 and 84 of the integrated annual report. 

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

The Nampak Ltd Performance Share Plan (PSP)

	2014	2013
Balance at the commencement of the financial year	537 680	974 893
Forfeitures/cancellations	(14 936)	(68 587)
Retirements	–	–
PSP rights forfeited due to under-achievement of performance criteria	–	–
PSP rights exercised	(333 024)	(368 626)
Balance at the end of the financial year	189 720	537 680
Number of participants	7	11

The Nampak Ltd Share Appreciation Plan (SAP)

	2014	2013
Balance at the commencement of the financial year	851 281	1 268 430
Forfeitures/cancellations	(20 380)	(103 420)
Retirements	–	–
SAP rights forfeited due to under-achievement of performance criteria	–	–
Exercised	(525 220)	(313 729)
Balance at the end of the financial year	305 681	851 281
Number of participants	23	63

The Nampak Ltd Performance Share Plan 2009 (PSP 2009)

	2014	2013
Balance at the commencement of the financial year	3 665 281	2 857 674
Number of conditional shares awarded during the year:	944 660	1 157 225
Executive directors	371 558	430 649
Senior executives	573 102	726 576
Forfeitures/cancellations	(294 534)	(260 888)
Retirements	(265 931)	(37 230)
PSP rights forfeited due to under-achievement of performance criteria	–	(2 250)
PSP rights exercised	(380 482)	(49 250)
Balance at the end of the financial year	3 668 994	3 665 281
Number of participants	22	22

The Nampak Ltd Share Appreciation Plan 2009 (SAP 2009)

	2014	2013
Balance at the commencement of the financial year	8 298 033	4 681 761
Number of conditional shares awarded during the year:	518 784	4 302 473
Executive directors	219 258	230 923
Senior executives	299 526	4 071 550
Forfeitures/cancellations	(519 642)	(669 526)
Retirements	(97 935)	(16 675)
Rights exercised	(3 093 300)	–
Balance at the end of the financial year	5 105 940	8 298 033
Number of participants	191	224

The Nampak Ltd Deferred Bonus Plan 2009 (DBP 2009)

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 achievement of performance targets.

Directors' report continued

for the year ended 30 September 2014

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The DBP is summarised as follows:

	2014	2013
Balance at the commencement of the financial year	703 428	660 534
Number of bonus shares purchased by employees during the year:	42 423	219 019
Executive directors	6 734	104 582
Senior executives	35 689	114 437
Number of bonus shares transferred/sold to/by employees during the year:	(232 769)	(126 780)
Executive directors	(120 668)	(30 685)
Senior executives	(112 101)	(96 095)
Forfeitures/cancellations	(35 786)	(49 345)
Retirements	(53 965)	–
Balance at the end of the financial year	423 331	703 428
Number of participants	16	17

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 2014 is summarised below:

Balance at the commencement of the financial year	18 738 024
Less: Awards granted in terms of the PSP 2009 during the current financial year	(944 660)
Less: Awards granted in terms of the SAP 2009 during the current financial year	(518 784)
Less: Number of conditional shares awarded during the year and prior financial years in terms of DBP	(423 331)
Less: Shares allotted in respect of dividends declared and paid during the current and prior financial years	(68 068)
Add: Options forfeited during the current financial year	–
Add: Awards forfeited in terms of the PSP during the current financial year	14 936
Add: Awards forfeited in terms of the SAP during the current financial year	20 380
Add: Awards forfeited in terms of the PSP 2009 during the current financial year	560 465
Add: Awards forfeited in terms of the SAP 2009 during the current financial year	617 577
Maximum available for future allocations	17 996 539

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 and the SAP 2009 are 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.

In respect of the SAP 2009, the company will be limited to issuing no more than 18 000 000 (eighteen million) shares. This limit also takes into account awards granted under the SAP Trust in 2006.

In respect of the PSP 2009, the company will be limited to issuing no more than 9 000 000 (nine million) shares. This limit also takes into account awards already granted under PSP Trust in 2006.

In respect of the DBP, the company will be limited to issuing no more than 5 000 000 (five million) shares.

Taking all the plans together, the company will be limited to issuing no more than 32 000 000 (thirty two million) shares. This is the limit previously approved in respect of the SAP Trust and PSP Trust and does not increase the overall dilution of shareholders through the operation of the plans.

Directors' report continued

for the year ended 30 September 2014

Dividends

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

Class of share	Dividend number	Cents per share (gross)	Declaration date	Last day to trade	Payment date
Ordinary	84	46.0	27/05/2014	27/06/2014	07/07/2014
	85	107.0	20/11/2014	09/01/2015	19/01/2015
6% cumulative preference	90	6.00	21/11/2013	17/01/2014	27/01/2014
	91	6.00	23/06/2014	18/07/2014	28/07/2014
6.5% cumulative preference	90	6.50	21/11/2013	17/01/2014	27/01/2014
	91	6.50	23/06/2014	18/07/2014	28/07/2014

The important dates pertaining to the payment of ordinary dividend number 85 are as follows:

Last day to trade ordinary shares "cum" dividend	Friday, 9 January 2015
Ordinary shares trade "ex" dividend	Monday, 12 January 2015
Record date	Friday, 16 January 2015
Payment date	Monday, 19 January 2015

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 12 January 2015 and Friday, 16 January 2015, 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%.
- No secondary tax on companies credits have been utilised.
- The net local dividend amount is 90.95 cents per share for shareholders liable to pay the dividends tax and 107.0 cents per share for shareholders exempt from paying the dividends tax.
- The issued number of ordinary shares at the declaration date is 700 707 537.
- Nampak Ltd's tax number is 9875081714.

Directors and secretary

The names of the directors and secretary in office at 30 September 2014 are set out on pages 10 to 13  of the integrated annual report.

During the year under review Ms NV Lila was appointed as an independent, non-executive director of the company and shareholders will be requested to confirm her appointment at the forthcoming annual general meeting. Ms VN Magwentshu resigned on 6 February 2014.

Ms DC Moephuli, Mrs CWM Molope and Messrs PM Surgey and FV Tshiqi retire by rotation in terms of the company's memorandum of incorporation but, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Ms DC Moephuli, Mrs CWM Molope and Mr PM Surgey do not have service contracts as non-executive directors.

Directors' report continued

for the year ended 30 September 2014

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Interests of directors and prescribed officers

The total direct and indirect beneficial and non-beneficial interests of the directors and prescribed officers of Nampak Ltd in the issued ordinary share capital of the company as at 30 September 2014 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2014	2013	2014	Option prices (cents)	Date of grant	2013
Beneficial interests						
Executive directors						
G Griffiths	110 879	100 545	—	—	—	—
FV Tshiqi	142 372	105 271	—	—	—	—
Non-executive directors						
RC Andersen	31 000	31 000	—	—	—	—
Non-beneficial interests of directors						
	10	12	—	—	—	—
Beneficial interests	—	—	—	—	—	—
Prescribed officers						
C Burmeister	26 516	—	—	—	—	—
PA De Weerd	148 652	58 668	—	—	—	—
RG Morris	213 227	143 166	—	1 495	01/12/04	90 000
SE Msane	119 380	62 688	—	—	—	—
NP O'Brien	63 010	59 899	—	1 495	01/12/04	50 000
EE Smuts	41 795	—	—	—	—	—

* In terms of the Option Scheme.

The following independent non-executive directors had an indirect, beneficial shareholding through Red Coral Investments 23 (Pty) Ltd in the ordinary share capital of the company as at 30 September 2014:

Name of director	2014	2013
RJ Khoza	3 780 214	3 780 214
CWN Molope	318 891	318 891

Dr RJ Khoza, an independent non-executive director, had an indirect, beneficial shareholding through his family trust in the ordinary share capital of the company as at 30 September 2014:

	2014	2013
RJ Khoza Family Trust	26 000	—

Litigation statement

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

Going concern

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

Special resolutions

A special resolution was passed by the shareholders of the undermentioned company during 2014 to adopt its memorandum of incorporation:

- Nampak Corrugated (Pty) Ltd

Special resolutions were passed by the shareholders of the undermentioned dormant companies during 2014 in anticipation of them being deregistered:

- Nampak Glass (Pty) Ltd
- Nampak Metal Packaging (Pty) Ltd
- Nampak Tissue (Pty) Ltd
- Malbak Ltd
- Metal Box SA (Pty) Ltd

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 B on pages 117 and 118. 

Accounting policies

for the year ended 30 September 2014

1. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner as required by the Companies Act, No 71 of 2008.

The consolidated and separate 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 values 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 basis which may not represent the actual usage of the asset.

- **Post-employment benefit 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.

- **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 broad-based black economic empowerment 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 from 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 estimated 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 where the group demonstrates it controls the entities. Control is achieved where the group has the power to direct the relevant activities of an investee in order to obtain variable returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

3. Basis of consolidation continued

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.

6. Investments in joint ventures

A joint venture is an arrangement in which the parties with joint control have rights/exposures to the net assets of the arrangement. The group's interests in joint ventures are accounted for by using the equity method of accounting, and the investments are accounted for at cost less accumulated impairment in the separate financial statements of the venturer companies.

Under the equity method, an investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the joint venture. The statement of comprehensive income reflects the share of the results of the operations of the company. Where there has been a change recognised directly in the other comprehensive income or equity of the joint venture, the group recognises its share of any changes and discloses this, where applicable, in the statement of comprehensive income or the group statement of changes in equity.

The share of the profit of a joint venture is shown on the face of the statement of comprehensive income. This is the profit attributable to the equity holding and therefore is profit after tax and non-controlling interests of the joint venture. Any dividend received by the group is credited against the investment in the joint venture.

Financial results of the joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an additional impairment loss on the group's investment in a joint venture. The group determines at each statement of financial position date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the group calculates the amount of impairment as being the difference between the recoverable amount of the joint venture and the carrying value and recognises the amount in profit or loss.

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 comprehensive income or expenses 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.

Accounting policies continued

for the year ended 30 September 2014

12. Foreign currencies continued

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 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 dollar 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, sick leave and 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.

13. Employee benefits continued

The group does not provide postretirement 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 or 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 Management 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 the parent. In the company annual financial statements, this contribution is treated as an investment in subsidiaries.

for the year ended 30 September 2014

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 and company'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 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 straightline method. Depreciation is not provided in respect of land.

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

for the year ended 30 September 2014

15. Property, plant and equipment continued

The average rates of depreciation used are:

Freehold buildings	30 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 30 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.
- 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, customer relationships, 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 licences 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.

for the year ended 30 September 2014

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 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.

22. Financial instruments

Financial assets and financial liabilities are recognised on the group's and company's statement of financial position when the group or company become 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 or losses arising from the revaluation of available-for-sale financial assets are recognised directly in equity.

On disposal or impairment, cumulative unrealised gains or 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.

for the year ended 30 September 2014**22. Financial instruments continued****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 instrument. 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 forecast transactions. These derivatives are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the derivative is designated and effective as a hedging instrument.

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

Fair value hedges

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

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecast 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 forecast 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.

Accounting policies continued

for the year ended 30 September 2014

22. Financial instruments continued

Cash flow hedges continued

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 or 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

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

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

Segment assets

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

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

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.

for the year ended 30 September 2014

27. Adoption of new and revised International Financial Reporting Standards and circulars

27.1 New and revised International Financial Reporting Standards in issue and effective for the current financial year

The group adopted the following standards and amendments that were effective for the first time in the current financial year:

- **IFRS 10 – Consolidated Financial Statements**

IFRS 10 replaces the portions of IAS 27 *Consolidated and Separate Financial Statements* that address the accounting for consolidated financial statements and introduces a single control model for consolidation. It also includes the issues raised in SIC-12: *Consolidation – Special Purpose Entities*, which resulted in SIC-12 being withdrawn. IAS 27, as revised, is now limited to the accounting for investments in subsidiaries, joint ventures and associates in separate financial statements.

IFRS 10 provides guidance on when a subsidiary should be consolidated and requires assessment of whether an investor has the power to direct the relevant activities of an investee in order to obtain variable returns. Once it has been established under IFRS 10 that an investee should be consolidated, the actual consolidation principals remain the same as under IAS 27.

During the current financial year, the group reassessed control in terms of IFRS 10 and concluded that the application of this standard had the effect that Red Coral Investments 23 (Pty) Ltd, a black empowerment share scheme established in 2005, was required to no longer be consolidated.

The transitional provisions pertaining to the adoption of IFRS 10 require that this standard must be applied retrospectively. Hence the opening statement of financial position of the earliest comparative period is presented (1 October 2012) and the comparative amounts (30 September 2013) have been restated accordingly.

The impact of this change on the comparative amounts is set out below.

- **IFRS 11 – Joint Arrangements**

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly controlled Entities – Non-monetary Contributions by Venturers*. Joint control under IFRS 11 is defined as the contractually agreed sharing of control of

an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. “Control” in “joint control” refers to the new definition of “control” in IFRS 10.

IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:

- joint operation: an arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement; and
- joint venture: an arrangement in which the parties with joint control have rights to the net assets of the arrangement.

Where joint arrangements exist, the investor is required to assess whether the joint arrangement is a joint operation or a joint venture based on the legal structure of the investee and the investor’s rights to and obligations for the underlying assets and liabilities of the investee. Joint operations are accounted for in the financial statements of the investor by including the investor’s share of the assets, liabilities, income and expenses of the investee, while joint ventures are accounted for using the equity method of accounting under IAS 28 ie the option in IAS 31 to account for joint ventures as defined in IFRS 11 using proportionate consolidation has been removed.

During the current financial year, the group considered the structure of and the rights of the parties to its joint arrangements and concluded that these remain joint ventures. The group, hence, changed its accounting method for these entities, consisting of Sancella S.A. (Pty) Ltd, Elopak S.A. (Pty) Ltd, Bullpak Ltd and Crown Cork Co. (Mozambique) Lda, to equity accounting.

The transitional provisions pertaining to the adoption of IFRS 11 require that the group’s share of the these entities’ net assets at the beginning of the comparative period (1 October 2012) be derecognised, and that the investments in these entities be recognised (with the carrying amounts of these assets being the deemed cost of these investments at that date). Hence, the comparative amounts at 1 October 2012 and at 30 September 2013 have been restated accordingly.

Accounting policies continued

for the year ended 30 September 2014

27. Adoption of new and revised International Financial Reporting Standards and circulars continued

27.1 New and revised International Financial Reporting Standards in issue and effective for the current financial year continued

The impact of this change on the comparative amounts is set out below.

- **IFRS 12 – *Disclosure of Interests in Other Entities***

IFRS 12 sets out the requirements for disclosures relating to the group's interest in subsidiaries, associates and joint ventures and unconsolidated structured entities, and are more comprehensive than the previous disclosure requirements.

The new standard requires information to assist users in evaluating the nature and risks associated with interests in other entities and the effects of these interests on the financial position, performance and cash flows.

The application of the standard has resulted in more comprehensive disclosures of the interests in the entities comprising the group. These disclosures are provided in Annexures A to C.

- **IFRS 13 – *Fair Value Measurement***

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

Fair value under IFRS 13 is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (ie an "exit price").

During the current financial year, the group reassessed its policies for measuring fair value in accordance with IFRS 13. IFRS 13 also requires additional disclosures.

The application of IFRS 13 did not materially impact the fair value measurements of the group. Where additional disclosure is required, this disclosure is provided together with the fair value hierarchy in note 1.

- **IAS 19 – *Employee Benefits* (revised)**

The amendments to IAS 19 require all actuarial gains and losses to be recognised immediately in other comprehensive income so that the pension asset or liability reflects the full value of the plan deficit or surplus. This amendment had no effect on the group financial statements as the group had not deferred any portion of the actuarial gains or losses arising on the remeasurement of pension assets or liabilities (ie application of the corridor approach) prior to the effective date of this revision.

A further amendment to this standard requires, with respect to plan assets, that only the actual interest earned may be recognised in profit or loss while any remeasurement of the return on these assets must be recorded in other comprehensive income.

During the current financial year, the group reassessed the impact of the above amendment on its retirement benefit plans and concluded that the application of this standard requires that the remeasurement portion of the return on the UK Pension Fund plan assets be recognised in other comprehensive income and not profit or loss.

The transitional provisions pertaining to adoption of IAS 19 as revised require that this amendment must be applied retrospectively. However, due to the impracticality of sourcing information to assess the impact of the amendment prior to 1 October 2012, the amendment has been applied prospectively from this date with only the comparative amounts (30 September 2013) restated.

The impact of this change on the comparative amounts is set out below.

Various other standards, amendments or improvements to standards or interpretations became effective during the current financial year with no effect on the financial statements of the group.

As a result of the retrospective restatement of comparative amounts in the consolidated financial statements on adopting the new, revised or amended standards in accordance with their transitional provisions above, the 1 October 2012 statement of financial position is presented but unaccompanied by related notes. The notes that accompany the 2013 financial statements have been restated accordingly.

for the year ended 30 September 2014

27. Adoption of new and revised International Financial Reporting Standards and circulars continued**27.1** New and revised International Financial Reporting Standards in issue and effective for the current financial year continued

The effect of these restatements on the comparative amounts is set out below:

	Effect on 1 October 2012			Effect on 30 September 2013			
	IFRS 10 R million	IFRS 11 R million	Cumulative R million	IAS 19 R million	IFRS 10 R million	IFRS 11 R million	Cumulative R million
Group statement of financial position							
Non-current assets							
Decrease in property, plant and equipment		(68.3)	(68.3)	–	–	(63.1)	(63.1)
Increase in investments in joint ventures	–	95.5	95.5	–	–	39.4	39.4
Increase in other non-current financial assets	–	26.6	26.6	–	–	49.6	49.6
Decrease in deferred tax assets	–	–	–	–	–	(1.2)	(1.2)
Current assets							
Decrease in inventories	–	(92.5)	(92.5)	–	–	(88.0)	(88.0)
Decrease in trade and other receivables	–	(33.3)	(33.3)	–	(0.1)	(0.7)	(0.8)
Decrease in bank balances, deposits and cash	(20.3)	(5.4)	(25.7)	–	(43.6)	(12.4)	(56.0)
Decrease in total assets	(20.3)	(77.4)	(97.7)	–	(43.7)	(76.4)	(120.1)
Capital and reserves							
Increase in capital reserves	276.7	–	276.7	–	276.7	–	276.7
Increase in other reserves	–	–	–	8.4	–	–	8.4
Decrease in retained earnings	(53.1)	–	(53.1)	(8.4)	(77.9)	–	(86.3)
Non-current liabilities							
Decrease in loans and borrowings	(239.4)	(29.0)	(268.4)	–	(239.4)	(48.8)	(288.2)
Decrease in deferred tax liabilities	–	(6.3)	(6.3)	–	–	(0.9)	(0.9)
Current liabilities							
Decrease in trade and other payables	(4.5)	(42.4)	(46.9)	–	(3.1)	(25.2)	(28.3)
Increase/(decrease) in tax liabilities	–	0.3	0.3	–	–	(1.5)	(1.5)
Decrease in total equity and liabilities	(20.3)	(77.4)	(97.7)	–	(43.7)	(76.4)	(120.1)
Group statement of comprehensive income							
Profit for the year							
Decrease in revenue	–	–	–	–	–	(209.8)	(209.8)
Decrease in raw materials and consumables used	–	–	–	–	–	(116.5)	(116.5)
Increase/(decrease) in employee benefit expense	–	–	–	10.8	–	(21.7)	(10.9)
Decrease in depreciation and amortisation expense	–	–	–	–	–	(6.2)	(6.2)
Decrease in other operating expenses	–	–	–	–	(0.2)	(42.6)	(42.8)
Increase in other operating income	–	–	–	–	–	19.6	19.6
Decrease in finance costs	–	–	–	–	(16.5)	(6.9)	(23.4)
Decrease in finance income	–	–	–	–	(1.2)	(0.4)	(1.6)
Increase in share of net loss in joint ventures	–	–	–	–	–	(2.9)	(2.9)
(Decrease)/increase in income tax expense	–	–	–	(2.4)	(1.4)	0.4	(3.4)
(Decrease)/increase in profit for the year	–	–	–	(8.4)	16.9	–	8.5
Other comprehensive income/(expense) for the year, net of tax							
Decrease in net actuarial losses from retirement benefit obligation	–	–	–	8.4	–	–	8.4
Decrease in exchange differences on translation of foreign operations	–	–	–	–	–	(0.3)	(0.3)
Decrease in other comprehensive income/(expense) for the year, net of tax	–	–	–	8.4	–	(0.3)	8.1
Earnings per share							
Basic (cents per share)							
Continuing operations decrease	–	–	–	(0.3)	(10.1)	–	(10.4)
Discontinued operations increase	–	–	–	–	0.7	–	0.7
Total decrease	–	–	–	(0.3)	(9.4)	–	(9.7)
Diluted (cents per share)							
Continuing operations decrease	–	–	–	(0.3)	(3.5)	–	(3.8)
Discontinued operations increase	–	–	–	–	0.2	–	0.2
Total decrease	–	–	–	(0.3)	(3.3)	–	(3.6)

Accounting policies continued

for the year ended 30 September 2014

27. Adoption of new and revised International Financial Reporting Standards and circulars continued

27.1 New and revised International Financial Reporting Standards in issue and effective for the current financial year continued

	Effect on 1 October 2012			Effect on 30 September 2013			
	IFRS 10 R million	IFRS 11 R million	Cumulative R million	IAS 19 R million	IFRS 10 R million	IFRS 11 R million	Cumulative R million
Group statement of changes in equity							
Increase in share of movement in associates and joint ventures non-distributable reserve	–	–	–	–	–	0.3	0.3
Increase in dividends paid	–	–	–	–	(41.7)	–	(41.7)
Decrease in closing balance	–	–	–	–	(41.7)	0.3	(41.4)

27.2 New and revised International Financial Reporting Standards in issue but not yet effective for the current financial year

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.

These standards, amendments and interpretations will be effective for annual periods beginning after the dates listed below:

- **IFRS 2 – Share-Based Payments (amendment)**

The International Accounting Standards Board (IASB) identified the need to clarify the definition of vesting conditions in IFRS 2 to ensure the consistent classification of conditions attached to a share-based payment. The IASB decided to separate the definitions of a performance condition and a service condition from the definition of vesting condition and thus make the description of each condition clearer.

The group is in the process of assessing the effects of the amendment on its financial statements.

Effective date: annual periods beginning on or after 1 July 2014.

- **IFRS 9 – Financial Instruments**

IFRS 9 is part of the IASB's project to replace IAS 39. This standard introduced new requirements for the classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost or fair value.

Receivables which contractual cash flows are solely payments of principal and interest are generally measured at amortised cost, while all other receivables and equity investments are measured at their fair value. In addition, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the change in the fair value that is attributable to changes in the credit risk of that liability, be presented in other comprehensive income, unless it creates a mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The group anticipates that the application of IFRS 9 is expected to have an impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Effective date: annual periods beginning on or after 1 January 2018.

- **IFRS 10, IFRS 12 and IAS 27 – Investment Entities (amendments)**

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest in funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

27. Adoption of new and revised International Financial Reporting Standards and circulars continued

Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. In general, the amendments require retrospective application, with specific transitional provisions.

The group anticipates that these amendments are unlikely to have a significant effect on the consolidated financial statements.

Effective date: annual periods beginning on or after 1 January 2014.

- **IFRS 15 – Revenue From Contracts With Customers**

The objective of IFRS 15 is to establish the principles that an entity should apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgement.

IFRS 15 was issued in January 2014 and replaces the following standards and interpretations when it becomes effective:

- IAS 11 – *Construction Contracts*;
- IAS 18 – *Revenue*;
- IFRIC 1 – *Customer Loyalty Programmes*;
- IFRIC 15 – *Agreements for the Construction of Real Estate*;
- IFRIC 18 – *Transfers of Assets from Customers*; and
- SIC-31 – *Revenue – Barter Transactions Involving Advertising Services*.

The group is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

Effective date: annual periods beginning on or after 1 January 2017.

- **IAS 19 – Employee Benefits (amendments)**

The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

The group is in the process of assessing the effect of the amendments on its financial statements.

Effective date: annual periods beginning on or after 1 July 2014.

- **IAS 32 – Offsetting of Financial Assets and Financial Liabilities (amendments)**

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”. The amendments require retrospective application.

The group anticipates that the amendments to IAS 32 will not have a significant effect on the consolidated financial statements.

Effective date: annual periods beginning on or after 1 January 2014.

- **IAS 39 – Financial Instruments: Recognition and Measurements (amendments)**

The amendments to IAS 39 allow hedge accounting to continue in a situation where a derivative, designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations.

The group is in the process of assessing the effect of the amendments on its financial statements.

Effective date: annual periods beginning on or after 1 January 2014.

- **Annual improvements to IFRS 2010 – 2012 cycle**

In addition to the new standards, revisions and amendments to existing standards described above, several minor amendments to standards are effective for annual periods beginning on 1 January 2014.

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

Group statement of financial position

at

	Notes	30 September 2014 R million	Restated 30 September 2013 R million	Restated 1 October 2012 R million
ASSETS				
Non-current assets				
Property, plant and equipment	3	9 847.8	7 282.8	6 542.9
Investment property	3	16.5	0.9	0.9
Goodwill	4	3 166.1	535.6	481.9
Other intangible assets	5	253.4	278.9	233.2
Investments in associates	6	181.9	137.7	28.9
Investments in joint ventures	7	6.8	39.4	95.5
Other non-current financial assets	8	89.6	180.0	150.9
Deferred tax assets	9	135.7	98.6	65.5
		13 697.8	8 553.9	7 599.7
Current assets				
Inventories	10	3 518.4	3 219.8	3 243.8
Trade receivables and other current assets	11	3 538.9	2 873.6	2 523.7
Tax assets		8.5	3.6	2.9
Bank balances, deposits and cash	12	1 127.5	4 421.4	1 754.3
		8 193.3	10 518.4	7 524.7
Assets classified as held for sale	13	–	551.6	27.9
Total assets		21 891.1	19 623.9	15 152.3
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	14	36.1	36.0	35.9
Capital reserves	14	(402.3)	(423.6)	(459.9)
Other reserves	14	315.2	(61.8)	(349.9)
Retained earnings	14	7 985.1	7 720.1	7 268.4
Shareholders' equity		7 934.1	7 270.7	6 494.5
Non-controlling interest	14	(51.0)	(80.1)	(54.5)
Total equity		7 883.1	7 190.6	6 440.0
Non-current liabilities				
Loans and borrowings	15	4 753.3	3 249.5	1 326.5
Other non-current liabilities	16	58.6	51.8	13.7
Retirement benefit obligation	17	2 173.0	2 193.1	1 618.3
Deferred tax liabilities	9	444.9	519.0	643.8
		7 429.8	6 013.4	3 602.3
Current liabilities				
Trade payables and other current liabilities	18	4 011.0	3 506.9	3 401.1
Bank overdrafts and loans	15	2 328.0	2 504.1	1 593.8
Provisions	19	43.9	25.7	23.7
Tax liabilities		195.3	142.5	91.4
		6 578.2	6 179.2	5 110.0
Liabilities directly associated with assets classified as held for sale	13	–	240.7	–
Total equity and liabilities		21 891.1	19 623.9	15 152.3

Group statement of comprehensive income

for the year ended 30 September 2014

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	Notes	2014 R million	Restated 2013 R million
CONTINUING OPERATIONS			
Revenue	20	19 970.5	18 085.8
Raw materials and consumables used		10 116.3	8 921.4
Employee benefit expense		3 462.7	3 252.1
Depreciation and amortisation expense		813.9	743.2
Other operating expenses		4 394.5	3 500.9
Other operating income		431.4	252.9
Operating profit	21	1 614.5	1 921.1
Finance costs	23	384.4	236.0
Finance income	24	57.4	37.9
Income from investments	25	7.2	5.4
Share of net profits in associates	6	27.3	18.6
Share of net losses in joint ventures	7	(11.8)	(2.9)
Profit before tax		1 310.2	1 744.1
Income tax expense	26	74.5	380.6
Profit after tax from continuing operations		1 235.7	1 363.5
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	27	(32.1)	(87.9)
Profit for the year		1 203.6	1 275.6
Other comprehensive income/(expense) for the year, net of tax			
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial gains/(losses) from retirement benefit obligations		10.2	(398.1)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		381.9	653.4
Gains on cash flow hedges		1.1	9.6
Other comprehensive income for the year, net of tax		393.2	264.9
Total comprehensive income for the year		1 596.8	1 540.5
Profit/(loss) attributable to:			
Owners of Nampak Ltd		1 169.4	1 295.0
Non-controlling interest in subsidiaries		34.2	(19.4)
		1 203.6	1 275.6
Total comprehensive income/(expense) attributable to:			
Owners of Nampak Ltd		1 567.7	1 566.1
Non-controlling interest in subsidiaries		29.1	(25.6)
		1 596.8	1 540.5
Earnings per share			
Basic (cents per share)	31		
Continuing operations		191.4	221.3
Discontinued operations		(5.1)	(14.1)
Total		186.3	207.2
Diluted (cents per share)	31		
Continuing operations		184.8	213.7
Discontinued operations		(4.9)	(13.6)
Total		179.9	200.1

Group statement of changes in equity

for the year ended 30 September 2014

	Notes	2014 R million	Restated 2013 R million
Opening balance		7 190.6	6 440.0
Net shares issued during the year		101.5	28.1
Share-based payment expense		17.0	19.4
Share grants exercised		(97.1)	(10.9)
Share of movement in associates' and joint ventures' non-distributable reserve		1.3	1.2
Transfer from hedging reserve to related assets		(4.3)	(10.8)
Gain on available-for-sale financial assets		–	2.2
Reclassification of available-for-sale financial asset		(18.3)	–
Total comprehensive income for the year		1 596.8	1 540.5
Dividends paid		(904.4)	(819.1)
Closing balance		7 883.1	7 190.6
Comprising:			
Share capital	14	36.1	36.0
Capital reserves	14	(402.3)	(423.6)
Share premium		147.0	45.6
Treasury shares		(827.6)	(827.6)
Share-based payments reserve		278.3	358.4
Other reserves	14	315.2	(61.8)
Foreign currency translation reserve		1 314.2	927.6
Financial instruments hedging reserve		1.2	4.4
Recognised actuarial losses		(966.0)	(976.2)
Share of non-distributable reserves in associates and joint ventures		3.9	2.2
Available-for-sale financial assets revaluation reserve		(38.3)	(20.0)
Other		0.2	0.2
Retained earnings	14	7 985.1	7 720.1
Shareholders' equity		7 934.1	7 270.7
Non-controlling interest	14	(51.0)	(80.1)
Total equity		7 883.1	7 190.6

Group statement of cash flows

for the year ended 30 September 2014

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	Notes	2014 R million	Restated 2013 R million
Cash flows from operating activities			
Cash receipts from customers		19 794.3	17 857.8
Cash paid to suppliers and employees		(17 054.2)	(15 373.7)
Cash generated from operations	37.1	2 740.1	2 484.1
Income from investments		7.2	5.4
Interest received		57.7	38.3
Interest paid		(419.6)	(218.6)
Retirement benefits, contributions and settlements		(132.7)	(116.6)
Income tax paid		(95.3)	(433.5)
Replacement capital expenditure		(833.5)	(1 043.4)
Cash flows from operations		1 323.9	715.7
Dividends paid	30	(904.4)	(819.1)
Cash generated from/(utilised in) operating activities		419.5	(103.4)
Cash flows from investing activities			
Expansion capital expenditure		(1 771.7)	(370.9)
Capitalised expenditure on group ERP systems and other intangible assets		(14.9)	(32.9)
Disposal of property, plant, equipment, intangible assets and investments		63.1	87.4
Acquisition of businesses	28	(3 491.1)	(104.6)
Disposal of business	37.2	308.3	–
Increase in non-current financial assets and investments		(63.6)	(58.4)
Cash utilised in investing activities		(4 969.9)	(479.4)
Cash flows from financing activities			
Non-current borrowings raised		1 334.4	1 830.0
Non-current borrowings repaid		(2.4)	(25.4)
Net current borrowings (repaid)/raised		(536.2)	695.0
Capital raised from issue of shares		101.5	28.1
Cash raised from financing activities		897.3	2 527.7
Net (decrease)/increase in cash and cash equivalents		(3 653.1)	1 944.9
Cash and cash equivalents at beginning of year		2 613.2	178.6
Cash acquired on reconsolidation of Zimbabwe subsidiary		–	6.0
Translation of cash in foreign subsidiaries		358.9	483.7
(Net overdraft)/cash and cash equivalents at end of year	37.3	(681.0)	2 613.2

Notes to the group financial statements

for the year ended 30 September 2014

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, co-ordinates 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. Selected derivative and non-derivative hedging instruments are used to hedge risks. Hedging instruments are used to cover risks that affect the group's cash flows and are not used for trading or speculative purposes.

To reduce credit risk, banking facilities are entered into only with leading financial institutions.

Treasury management, reporting to the chief financial officer, is responsible for considering and managing the group's day-to-day financial market risks by adopting strategies within the guidelines set by the audit committee as outlined in the treasury policy manual and approved by the risk committee. 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 and the Isle of Man. To minimise the effects of interest rate fluctuations in these countries, the group manages the interest rate risk for net debt denominated in rand and dollar separately. Interest rate hedging activities are reviewed regularly to ensure compliance with acceptable risk tolerance levels.

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

There were no interest rate derivatives in place during the year.

Notes to the group financial statements continued

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for the year ended 30 September 2014

1. Financial risk management continued

Interest rate 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	3 140.4	160.0	(308.1)	(42.0)	2 950.3
UK pound	–	–	(555.5)	–	(555.5)
US dollar	169.6	3 610.4	–	–	3 780.0
Other currencies	0.9	–	(454.2)	–	(453.3)
Total at 30 September 2014	3 310.9	3 770.4	(1 317.8)	(42.0)	5 721.5
South African rand	3 311.8	695.0	(244.3)	(42.3)	3 720.2
UK pound	–	–	(3 763.8)	–	(3 763.8)
US dollar	–	1 745.3	(0.1)	–	1 745.2
Other currencies	1.5	–	(547.2)	–	(545.7)
Total at 30 September 2013	3 313.3	2 440.3	(4 555.4)	(42.3)	1 155.9

	2014		2013	
Weighted average interest rates are as follows:	Bank balances %	Borrowings* %	Bank balances %	Borrowings* %
South African rand	5.0	6.5	4.7	6.0
UK pound	–	–	0.5	–
US dollar	0.4	4.5	0.4	5.0

* Borrowings include overnight call facilities.

Sensitivity analysis

If the market interest rates had been 100 basis points higher/lower at 30 September 2014 profit or loss would have been R33.1 million lower/higher (2013: R36.0 million).

The amount of R33.1 million (2013: R36.0 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.

Notes to the group financial statements continued

for the year ended 30 September 2014

1. Financial risk management continued

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	United Kingdom R million	Rest of Africa R million	Total R million
Expiry period at 30 September 2014				
One year	5 610.0	1 353.4	28.1	6 991.5
Total	5 610.0	1 353.4	28.1	6 991.5
Expiry period at 30 September 2013				
One year	3 756.6	163.3	70.0	3 989.9
Total	3 756.6	163.3	70.0	3 989.9

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities at 30 September was as follows:

	Notes	Carrying amount R million	Current year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	Over 4 years R million
At 30 September 2014							
Financial assets							
Non-current financial assets	8	89.6	–	11.2	3.8	2.1	72.5
Trade receivables and other current assets*	11	3 242.0	3 242.0	–	–	–	–
Bank balances, deposits and cash	12	1 127.5	1 127.5	–	–	–	–
Total		4 459.1	4 369.5	11.2	3.8	2.1	72.5
Financial liabilities							
Non-current loans and borrowings	15	4 753.3	–	363.6	1 370.7	878.2	2 140.8
Trade payables and other current liabilities	18	4 011.0	4 011.0	–	–	–	–
Bank overdrafts and loans	15	2 328.0	2 328.0	–	–	–	–
Total		11 092.3	6 339.0	363.6	1 370.7	878.2	2 140.8

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

Notes to the group financial statements continued

for the year ended 30 September 2014

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1. Financial risk management continued

Maturity profile of financial instruments continued

	Notes	Carrying amount R million	Current year R million	1 – 2 years R million	2 – 3 years R million	3 – 4 years R million	Over 4 years R million
At 30 September 2013							
Financial assets							
Non-current financial assets	8	180.0	–	71.9	9.8	7.6	90.7
Trade receivables and other current assets*	11	2 710.4	2 710.4	–	–	–	–
Bank balances, deposits and cash	12	4 421.4	4 421.4	–	–	–	–
Assets classified as held for sale	13	163.9	163.9	–	–	–	–
Total		7 475.7	7 295.7	71.9	9.8	7.6	90.7
Financial liabilities							
Non-current loans and borrowings	15	3 249.5	–	0.1	(1.5)	998.3	2 252.6
Trade payables and other current liabilities	18	3 506.9	3 506.9	–	–	–	–
Bank overdrafts and loans	15	2 504.1	2 504.1	–	–	–	–
Liabilities associated with assets held for sale	13	205.7	205.7	–	–	–	–
Total		9 466.2	6 216.7	0.1	(1.5)	998.3	2 252.6

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

Notes to the group financial statements continued

for the year ended 30 September 2014

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 rand. Risks from foreign currencies for trading purposes 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 rest of Africa and United Kingdom operations is centrally controlled and managed by the operations themselves. 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 gain on the fair value of FEC contracts amounting to R1.1 million (2013: R9.6 million gain) was taken to equity. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets. During the year R4.3 million (2013: R10.8 million) was adjusted against the cost of assets.

Currency conversion guide at 30 September

	2014	2013
Statement of comprehensive income (average)		
UK pound	17.54	14.49
Euro	14.36	12.19
US dollar	10.58	9.28
Statement of financial position (spot)		
UK pound	18.33	16.25
Euro	14.27	13.59
US dollar	11.30	10.05

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 2014, with all other variables held constant, the impact on profit and loss for the year would have been an increase of R7.5 million (2013: R40.1 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit and loss would decrease by R7.5 million (2013: R40.1 million).

Notes to the group financial statements continued

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for the year ended 30 September 2014

1. Financial risk management continued

Currency 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 asset/(liability)	
	2014 R	2013 R	2014 R million	2013 R million	2014 R million	2013 R million
<i>US dollar</i>						
Less than 3 months	11.05	9.88	(96.6)	(282.5)	7.2	11.4
3 to 6 months	11.15	10.28	(68.9)	(76.3)	4.2	–
6 to 9 months	11.41	10.15	(35.2)	(12.0)	1.3	0.2
<i>Euro</i>						
Less than 3 months	14.43	13.40	(505.3)	(300.6)	(1.7)	9.1
3 to 6 months	14.69	13.33	(109.0)	(88.5)	(0.5)	2.7
6 to 9 months	14.87	13.57	(38.2)	(22.1)	–	0.8
Greater than 9 months	15.17	13.69	(18.2)	(9.4)	(0.1)	0.3
<i>UK pound</i>						
Less than 3 months	18.09	15.94	(12.4)	(12.1)	0.4	0.5
3 to 6 months	–	16.12	–	(13.3)	–	0.6
<i>Other</i>						
Less than 3 months	9.49	–	(11.4)	(16.6)	(0.1)	1.3
3 to 6 months	12.13	–	(0.6)	–	–	–
					10.7	26.9

Commodity price risk management

Commodity price risk is the risk that the group may suffer financial loss when a fluctuating price contract is entered into and commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. The group uses derivative instruments, including forward agreements and futures, to hedge commodity risk.

The values of open future contracts entered into at 30 September and their expected maturity profiles are:

	Average contract rate		Notional amount		Fair value Asset/(liability)	
	2014 R	2013 R	2014 R million	2013 R million	2014 R million	2013 R million
Less than 3 months	20 120	18 591	(18.8)	(27.9)	0.5	(0.5)
3 to 6 months	20 295	18 840	(15.3)	(25.3)	0.7	(0.1)
6 to 9 months	20 470	18 840	(3.6)	(12.7)	0.2	(0.2)
					1.4	(0.8)

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 R1.9 million higher (2013: R0.9 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 R1.9 million lower (2013: R0.9 million lower).

At year-end the primary commodity exposure that the group had related to the purchase price of aluminium.

Notes to the group financial statements continued

for the year ended 30 September 2014

1. Financial risk management continued

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.

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 year-end.

Carrying amount 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 financial assets and financial liabilities are reflected at their carrying amount at year-end, and not measured at fair value due to their relative short-term nature or other measurement requirements:

Loans and other non-current receivables: the carrying amount of loans and receivables is shown at amortised cost.

Available-for-sale financial assets: these assets consist of unlisted investments and management are of the opinion that the carrying amount of these investments approximates their cost. These investments have no quoted market price in an active market, and are thus shown at cost as the fair value cannot be reliably measured. The investments have also been assessed for impairment, and no indicators were identified.

Bank balances, cash and deposits: these financial assets are measured at amortised cost.

Trade receivables and other financial assets: these financial assets are measured at amortised.

Trade payables and other financial liabilities: these financial liabilities are measured at amortised cost.

Non-current and current borrowings: the carrying amounts of non-current and current borrowings are shown at amortised cost.

The following financial assets and financial liabilities are carried at fair value at year-end:

Derivative financial instruments: derivative financial instruments are measured at fair value based on calculations using mark-to-market valuations.

The group's financial instruments carried at fair value are classified into three categories defined as follows:

Level 1 – financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments. The group had no level 1 financial instruments at year-end.

Notes to the group financial statements continued

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for the year ended 30 September 2014

1. Financial risk management continued

Carrying amount of financial instruments continued

Level 2 – financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments in markets which are not considered to be active, or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 consist of forward exchange contracts and commodity futures (as set out above) and their fair value is determined using the contract exchange rate at measurement date, with the resulting value discounted back to the present value.

Level 3 – financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. The group had no level 3 financial instruments at year-end.

The following table sets out the measurement bases of the various financial instruments carried on the statement of financial position ie fair value, amortised cost and cost. Financial instruments carried at fair value are further categorised into the appropriate category of the fair value hierarchy.

At 30 September 2014	Notes	Carrying amount R million	At fair value – level 2 R million	At amortised cost R million	At cost R million
Financial assets					
Non-current financial assets	8	89.6		65.0	24.6
Trade receivables and other current assets*	11	3 242.0	30.4	3 211.6	–
Trade receivables		2 754.1	–	2 754.1	–
Derivative financial assets		30.4	30.4	–	–
Other receivables		457.5	–	457.5	–
Bank balances, deposits and cash	12	1 127.5	–	1 127.5	–
Total		4 459.1	30.4	4 404.1	24.6
Financial liabilities					
Non-current loans and borrowings	15	4 753.3	–	4 753.3	–
Trade payables and other current liabilities	18	4 011.0	18.3	3 992.7	–
Trade payables		2 182.5	–	2 182.5	–
Derivative financial liabilities		18.3	18.3	–	–
Other payables		1 810.2	–	1 810.2	–
Bank overdrafts and loans	15	2 328.0	–	2 328.0	–
Total		11 092.3	18.3	11 074.0	–

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

Notes to the group financial statements continued

for the year ended 30 September 2014

2. Segmental report

	External revenue		Internal revenue		Trading profit*	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
South Africa	14 462.2	13 404.0	550.0	392.6	969.7	1 142.2
Metals and Glass	7 300.7	6 466.8	222.2	53.6	601.7	676.7
Paper and Flexibles	3 240.4	3 116.8	118.0	123.1	67.9	104.4
Plastics	2 496.6	2 383.9	7.1	7.2	187.8	252.7
Tissue	1 424.5	1 436.5	202.7	208.7	112.3	108.4
Rest of Africa	3 294.2	2 744.0	0.1	0.3	616.2	494.6
Metals	2 250.2	1 736.2	0.1	0.3	409.3	291.5
Paper	1 044.0	1 007.8	–	–	206.9	203.1
United Kingdom	2 214.1	1 937.8	–	–	143.9	162.0
Plastics	2 214.1	1 937.8	–	–	143.9	162.0
Other segments	–	–	2 663.5	1 521.7	317.9	102.2
Continuing operations	19 970.5	18 085.8	3 213.6	1 914.6	2 047.7	1 901.0
Discontinued operations	930.4	1 066.2	26.3	14.4	(13.2)	(24.6)
Eliminations	–	–	(3 239.9)	(1 929.0)	–	–
Total	20 900.9	19 152.0	–	–	2 034.5	1 876.4

* Operating profit before abnormal items.

** EBITDA calculation is before net impairments/(reversals).

Reconciliation of operating profit and trading profit

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
Operating profit/(loss)	1 614.5	1 921.1	(50.5)	(121.9)	1 564.0	1 799.2
Abnormal losses/(gains)*						
Retrenchment and restructuring costs	28.1	30.6	3.6	42.3	31.7	72.9
Net impairment losses on plant, equipment, intangible assets, goodwill and assets classified as held for sale	431.5	61.3	–	55.0	431.5	116.3
Cash flow hedge ineffectiveness	(0.1)	(0.4)	–	–	(0.1)	(0.4)
Net profit on disposal of property	(23.7)	(0.7)	–	–	(23.7)	(0.7)
Net loss on disposal of businesses and other investments	–	0.1	33.7	–	33.7	0.1
Gain on reconsolidation of Zimbabwe entities	–	(87.8)	–	–	–	(87.8)
Gain on revaluation of original interest in joint ventures acquired	(9.4)	(23.2)	–	–	(9.4)	(23.2)
Business acquisition-related costs	6.8	–	–	–	6.8	–
Trading profit	2 047.7	1 901.0	(13.2)	(24.6)	2 034.5	1 876.4

* 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.

Notes to the group financial statements continued

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for the year ended 30 September 2014

Trading margin		EBITDA**		Operating assets		Operating liabilities		Capital expenditure	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
%	%	R million	R million	R million	R million	R million	R million	R million	R million
6.7	8.5	1 416.4	1 682.7	10 168.5	9 328.5	2 554.1	2 411.4	1 846.9	1 189.2
8.2	10.5	866.9	977.1	5 816.8	4 844.5	1 184.8	1 132.9	1 441.8	941.4
2.1	3.3	129.7	183.1	2 023.4	2 219.5	731.2	620.9	181.0	79.4
7.5	10.6	264.8	364.5	1 480.8	1 375.6	394.7	390.2	207.8	128.8
7.9	7.5	155.0	158.0	847.5	888.9	243.4	267.4	16.3	39.6
18.7	18.0	805.6	646.4	4 607.6	4 101.4	1 222.2	544.1	702.4	116.4
18.2	16.8	560.9	411.4	3 878.9	3 597.4	1 134.4	483.5	621.5	93.0
19.8	20.2	244.7	235.0	728.7	504.0	87.8	60.6	80.9	23.4
6.5	8.4	239.9	209.0	921.1	817.8	286.0	258.8	28.3	90.3
6.5	8.4	239.9	209.0	921.1	817.8	286.0	258.8	28.3	90.3
–	–	398.0	187.4	9 507.8	1 956.1	534.6	632.3	34.3	46.7
10.3	10.5	2 859.9	2 725.5	25 205.0	16 203.8	4 596.9	3 846.6	2 611.9	1 442.6
(1.4)	(2.3)	(50.2)	(45.5)	–	551.6	–	205.7	8.2	4.6
–	–	–	–	(4 585.6)	(1 655.0)	(483.4)	(262.1)	–	–
9.7	9.8	2 809.7	2 680.0	20 619.4	15 100.4	4 113.5	3 790.2	2 620.1	1 447.2

	Revenue to external customers*	
	2014	2013
	R million	R million
Geographical information		
South Africa	13 462.4	12 721.0
United Kingdom	2 234.4	1 957.2
Angola	1 431.0	1 179.1
Namibia	600.3	738.9
Rest of the world	3 172.8	2 555.8
	20 900.9	19 152.0

* Revenue is attributed to countries on the basis of the customer's location.

	Non-current assets*	
	2014	2013
	R million	R million
Geographical information		
South Africa	6 538.8	5 150.1
United Kingdom	576.4	476.3
Angola	1 621.4	1 022.1
Rest of the world	4 735.8	1 778.7
	13 472.4	8 427.2

* Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Notes to the group financial statements continued

for the year ended 30 September 2014

2. Segmental report continued

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, 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, folding cartons and a full range of flexible plastics products.

Plastics – manufacture of plastic bottles, crates, drums and tubes.

Tissue – manufacture of toilet tissue, diapers, and feminine hygiene products.

Other segments – head office activities, procurement, treasury, property services and consolidation adjustments including goodwill.

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 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 which contributes more than 10% to the group's total revenue.

In addition, the businesses are grouped by geographical location. The main geographical regions identified are South Africa, United Kingdom, Angola and rest of the world. Geographical split is determined by location of the operating assets.

Notes to the group financial statements continued

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for the year ended 30 September 2014

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 2012	1 088.1	258.5	9 711.5	42.0	11 100.1	4.3
Additions	6.1	0.8	1 407.4	–	1 414.3	–
Transfer from equity on cash flow hedges	–	–	(10.8)	–	(10.8)	–
Interest capitalised	–	–	23.0	–	23.0	–
Acquisition of business	–	–	80.6	–	80.6	–
Reconsolidation of Zimbabwe entities	3.3	–	70.1	–	73.4	–
Disposals	(0.2)	–	(207.4)	(6.5)	(214.1)	–
Impairment loss	–	–	(71.5)	–	(71.5)	–
Reversal of impairment loss	5.3	–	0.5	–	5.8	–
Reclassified to assets held for sale	–	(4.5)	(426.5)	(3.5)	(434.5)	–
Translation differences	63.8	36.1	502.2	–	602.1	–
Other movements	2.6	0.8	(71.4)	(3.9)	(71.9)	–
At 30 September 2013	1 169.0	291.7	11 007.7	28.1	12 496.5	4.3
Additions	231.6	0.5	2 364.5	0.4	2 597.0	–
Transfer from equity on cash flow hedges	–	–	(4.3)	–	(4.3)	–
Interest capitalised	–	–	46.2	–	46.2	–
Acquisition of business	–	291.8	638.0	–	929.8	–
Disposals	–	–	(177.7)	(2.7)	(180.4)	–
Impairment loss	(62.2)	(0.2)	(364.7)	–	(427.1)	–
Translation differences	53.2	56.2	449.3	–	558.7	–
Other movements	36.9	7.8	(19.8)	(2.2)	22.7	21.5
At 30 September 2014	1 428.5	647.8	13 939.2	23.6	16 039.1	25.8
Accumulated depreciation						
At 1 October 2012	311.3	25.7	4 192.2	28.0	4 557.2	3.4
Depreciation charge for the year	27.0	12.7	683.2	2.9	725.8	–
Acquisition of business	–	–	34.2	–	34.2	–
Reconsolidation of Zimbabwe entities	–	–	34.3	–	34.3	–
Disposals	–	–	(147.2)	(4.6)	(151.8)	–
Reclassified to assets held for sale	–	(2.7)	(227.6)	(1.9)	(232.2)	–
Translation differences	13.7	3.0	281.7	–	298.4	–
Other movements	(0.7)	0.5	(49.4)	(2.6)	(52.2)	–
At 30 September 2013	351.3	39.2	4 801.4	21.8	5 213.7	3.4
Depreciation charge for the year	35.8	19.6	716.0	1.4	772.8	0.1
Acquisition of business	–	16.5	98.8	–	115.3	–
Disposals	–	–	(134.4)	(1.7)	(136.1)	–
Translation differences	11.6	6.1	234.5	–	252.2	–
Other movements	(2.6)	–	(22.6)	(1.4)	(26.6)	5.8
At 30 September 2014	396.1	81.4	5 693.7	20.1	6 191.3	9.3
Net book value at 30 September 2014	1 032.4	566.4	8 245.5	3.5	9 847.8	16.5
Net book value at 30 September 2013	817.7	252.5	6 206.3	6.3	7 282.8	0.9

Notes to the group financial statements continued

for the year ended 30 September 2014

3. Property, plant and equipment continued

	2014 R million	2013 R million
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. These values are as follows:		
– freehold land and buildings	1 782.9	1 923.5
– investment properties	150.6	10.0
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	28 029.0	24 497.1
South Africa	22 812.3	19 845.1
Rest of Africa	3 486.8	3 041.6
United Kingdom	1 729.9	1 610.4
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	2.0	0.2
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.		

4. Goodwill

	R million
Carrying amount	
At 1 October 2012	481.9
Acquisition of business	53.9
Impairment loss	(0.2)
At 30 September 2013	535.6
Acquisition of businesses	2 506.7
Translation differences	123.8
At 30 September 2014	3 166.1

Impairment losses are reported in the "other operating expenses" line of the statement of comprehensive income.

Notes to the group financial statements continued

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for the year ended 30 September 2014

4. Goodwill continued

The allocation of goodwill by cash-generating unit is presented below:

	Cost R million	Cumulative impairment	Net carrying value R million
At 30 September 2013			
South Africa			
Metals and Glass	444.5	–	444.5
Plastics	114.0	60.1	53.9
Paper and Flexibles	74.9	40.9	34.0
Rest of Africa			
Metals	21.4	18.2	3.2
Paper	–	–	–
Other	0.1	0.1	–
United Kingdom			
Plastics	0.1	0.1	–
	655.0	119.4	535.6
At 30 September 2014			
South Africa			
Metals and Glass	444.5	–	444.5
Plastics	114.0	60.1	53.9
Paper and Flexibles	74.9	40.9	34.0
Rest of Africa			
Metals	2 621.2	18.2	2 603.0
Paper	30.7	–	30.7
Other	0.1	0.1	–
United Kingdom			
Plastics	0.1	0.1	–
	3 285.5	119.4	3 166.1

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

The recoverable amounts of the CGUs are determined using value-in-use calculations. These calculations use cash flow projections based on the most recent financial budgets approved by management for the next five years. Cash flows beyond the five-year period are extrapolated using the growth rates below:

Key assumptions used for value-in-use calculations

	South Africa %	Rest of Africa %	United Kingdom %
2013			
Growth rate*	0.0	0.0	0.0
Discount rate (post-tax)	10.7	9.4	4.3
2014			
Growth rate*	5.5	2.0	2.0
Discount rate (post-tax)	10.8	8.8	8.8

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

Notes to the group financial statements continued

for the year ended 30 September 2014

4. Goodwill continued

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. A post-tax rate is used due to the different tax rates applicable in the tax jurisdictions concerned. Growth rates are based on industry growth rate forecasts.

Additionally, management considers the impact of sales volumes, both from a market and customer variation point of view, production efficiencies and the impact of fluctuations in overhead when determining the cash flow projections used in value-in-use calculations. Sensitivity in the calculation of headroom, being the difference between the value-in-use and the net asset value (including goodwill) is assessed through the value-in-use calculation process and it is the determination of management that headroom is not adversely affected by these movements.

In the current year, goodwill of R2 476.9 million was recognised on the acquisition of Alucan Investments Ltd and R29.8 million on the acquisition of the remaining 51% in Bullpak Ltd.

	ERP systems and software R million	Other R million	Total R million
5. Other intangible assets			
Cost			
At 1 October 2012	427.9	269.5	697.4
Additions	14.7	18.2	32.9
Acquisition of business	–	43.9	43.9
Translation differences	–	0.1	0.1
Other movements	7.4	0.2	7.6
At 30 September 2013	450.0	331.9	781.9
Additions	14.9	–	14.9
Disposals	(29.5)	–	(29.5)
Impairment loss	(0.9)	(3.5)	(4.4)
Translation differences	0.3	0.2	0.5
Other movements	4.7	1.1	5.8
At 30 September 2014	439.5	329.7	769.2
Amortisation			
At 1 October 2012	420.6	43.6	464.2
Charge for the year	4.4	34.3	38.7
Translation differences	–	0.2	0.2
Other movements	–	(0.1)	(0.1)
At 30 September 2013	425.0	78.0	503.0
Charge for the year	8.6	32.7	41.3
Disposals	(28.8)	–	(28.8)
Translation differences	–	0.1	0.1
Other movements	1.4	(1.2)	0.2
At 30 September 2014	406.2	109.6	515.8
Net carrying value at 30 September 2014	33.3	220.1	253.4
Net carrying value at 30 September 2013	25.0	253.9	278.9

Other intangible assets consist of patents, trademarks, licences and customer relationships.

Notes to the group financial statements continued

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for the year ended 30 September 2014

6. Investments in associates

	2014 R million	2013 R million
(Refer to Annexure B for details)		
Cost of investments in associates	79.5	79.5
Share of other post-acquisition reserves	3.0	1.9
Share of post-acquisition profit, net of dividend received	69.2	41.9
Opening balance	41.9	23.4
Transfer to share of other post-acquisition reserves	–	(0.1)
Share of current year net profit	27.3	18.6
Translation differences	30.2	14.4
	181.9	137.7

The financial year-ends of Group Risk Holdings (Pty) Ltd and Collect-a-Can (Pty) Ltd are 30 September and 31 December respectively.

In the prior year the group reconsolidated the associates located in Zimbabwe, Megapak Zimbabwe (Pvt) Ltd (49% interest) and Hunyani Holdings Ltd (38.91% interest) (see note 29). The financial year-end of Megapak Zimbabwe (Pvt) Ltd is 31 March.

Summarised financial information in respect of the group's associates is set out below:

Revenue	1 199.4	1 062.7
Net profit for the year	60.3	41.7
Group's share of associates' net profit for the year	27.3	18.6
Total assets	1 558.8	1 210.5
Total liabilities	922.6	761.8
Net assets	636.2	448.7
Group's share of associates' net assets	181.9	137.7

7. Investments in joint ventures

(Refer to Annexure B for details)		
Cost of investments in joint ventures	30.9	42.8
Share of other post-acquisition reserves	0.9	0.3
Share of post-acquisition net loss, net of dividend received	(25.0)	(6.3)
Opening balance	(6.3)	–
Share of current year net loss	(11.8)	(2.9)
Acquisition of remaining interest in joint ventures	(6.9)	(1.1)
Dividends received	–	(2.3)
Translation differences	–	2.6
	6.8	39.4

Notes to the group financial statements continued

for the year ended 30 September 2014

7. Investments in joint ventures continued

	2014 R million	2013 R million
The financial year ends of Sancell SA (Pty) Ltd and Crown Cork Company (Mozambique) Ltd are both 31 December.		
During the current year the group acquired with effect from 1 August 2014 the remaining 51% interest in Bullpak Ltd (see note 28).		
Summarised financial information in respect of the group's joint ventures is set out below:		
Revenue	572.8	496.7
Net loss for the year	(23.4)	(7.8)
Group's share of joint ventures' net loss for the year	(11.8)	(2.9)
Total assets	367.5	386.3
Total liabilities	354.8	306.9
Net assets	12.7	79.4
Group's share of joint ventures' net assets	6.8	39.4
The transitional provisions pertaining to the adoption of IFRS 11 <i>Joint Arrangements</i> require that the deemed cost of the investment should be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated. The deemed cost of the investments in joint ventures is made up as follows:		
<i>Current assets</i>		
Inventories		82.4
Trade and other receivables		31.1
Cash		2.3
<i>Non-current assets</i>		
Property, plant and equipment		45.6
<i>Current liabilities</i>		
Trade and other payables		(57.1)
<i>Non-current liabilities</i>		
Loans		(59.1)
Deferred tax		(2.4)
		42.8

8. Other non-current financial assets

Available-for-sale financial assets

(Refer to Annexure C for details)

Unlisted investments	31.2	48.7
Impairment loss	(6.6)	(6.6)
	24.6	42.1
Loans and receivables		
Loans to joint venture partner ¹	195.6	122.4
Equipment sales receivables ²	26.5	33.1
Other loans and receivables	10.2	20.8
Total loans and receivables	232.3	176.3
Less: amounts receivable within one year, reflected in trade receivables and other current assets (note 11)	167.3	38.4
Net non-current loans and receivables	65.0	137.9
Total other non-current financial assets	89.6	180.0

¹ The loans to the joint venture partner are unsecured. R155.6 million bears interest at the South African prime rate and is repayable on 31 December 2014. R40 million bears interest at 8.6% and is repayable on 31 August 2016.

² Equipment sales receivables are repayable from 2015 to 2019. Interest rates charged are from 8.5% to 13.0%.

Notes to the group financial statements continued

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for the year ended 30 September 2014

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 depreciation 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 2012	800.9	(177.1)	1.6	(427.0)	(50.9)	430.8	578.3
(Credit)/charge to other comprehensive income for the year	–	–	–	(134.1)	–	85.2	(48.9)
Charge/(credit) to profit for the year	41.6	20.1	0.5	(6.3)	(1.2)	(181.4)	(126.7)
Acquisition of subsidiary	16.5	(0.7)	–	–	–	0.4	16.2
Reconsolidation of Zimbabwe entities	6.1	(0.9)	0.9	–	(2.8)	–	3.3
Translation differences	14.3	(5.2)	–	(12.5)	(13.3)	14.9	(1.8)
At 30 September 2013	879.4	(163.8)	3.0	(579.9)	(68.2)	349.9	420.4
Charge to other comprehensive income for the year	–	–	–	13.6	–	0.8	14.4
Charge/(credit) to profit for the year	151.8	(85.0)	6.5	(8.0)	(1.3)	(155.1)	(91.1)
Acquisition of subsidiary	(29.5)	–	–	–	–	1.3	(28.2)
Translation differences	7.5	(2.0)	(0.1)	(5.7)	(8.2)	2.2	(6.3)
At 30 September 2014	1 009.2	(250.8)	9.4	(580.0)	(77.7)	199.1	309.2
						2014 R million	2013 R million
Analysed between:							
Deferred tax assets						135.7	98.6
Deferred tax liabilities						444.9	519.0
						309.2	420.4

At the year-end, the group had unused tax losses of R161.8 million (2013: R138.4 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R23.5 million (2013: R19.6 million) of such losses. No deferred tax asset has been recognised on the remaining R138.3 million (2013: R118.8 million) due to the unpredictability of future profit streams. There are no expiry dates on the tax losses.

In addition, the group had capital losses available for utilisation against future capital gains to the value of R3 323.7 million (2013: R545.7 million). Deferred tax has been raised on R343.4 million (2013: R307.4 million) of these losses.

Notes to the group financial statements continued

for the year ended 30 September 2014

10. Inventories

	2014 R million	2013 R million
Raw materials	1 769.5	1 595.0
Work in progress	113.6	121.1
Finished goods	1 085.6	1 033.3
Consumables	549.7	470.4
Total	3 518.4	3 219.8
Carrying amount of inventories included at net realisable value	17.9	19.6
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	0.3	19.6
Amount of reversals of previous inventory write-downs included in raw materials and consumables used	5.4	–

11. Trade receivables and other current assets

Trade receivables	2 754.1	2 390.0
Prepayments	296.9	163.2
Derivative financial instruments (note 1)	30.4	44.4
Current portion of loans and receivables (note 8)	167.3	38.4
Other	290.2	237.6
Total	3 538.9	2 873.6

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 debt 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.

Included in the group's trade receivable balance are debtors with a carrying value of R574.0 million (2013: R485.3 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables

30 days and less	342.3	334.8
30 – 60 days	110.8	91.5
60 – days	47.0	37.5
90 – 180 + days	73.9	21.5
Total	574.0	485.3

An allowance of R94.3 million (2013: R75.0 million) has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default.

Notes to the group financial statements continued

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for the year ended 30 September 2014

11. Trade receivables and other current assets continued

	2014 R million	2013 R million
Analysis of the allowance for doubtful debts		
Balance at beginning of year	75.0	83.2
Impairment losses recognised on receivables	51.3	35.3
Amounts written off	(8.4)	(6.9)
Impairment losses reversed	(25.8)	(44.7)
Translation differences	2.2	8.1
Balance at end of year	94.3	75.0

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.

12. Bank balances, deposits and cash

Cash at bank and on hand	766.8	535.9
Short-term bank deposits	360.7	3 885.5
Total	1 127.5	4 421.4
South African rand	117.8	119.1
Foreign currencies	1 009.7	4 302.3
	1 127.5	4 421.4

13. Assets held for sale

Assets which are expected to be sold in the next 12 months are classified as held for sale and are presented separately in the statement of financial position.

As described in note 27, the group entered into a sale agreement in September 2013 to dispose of Cartons and Labels. This transaction was completed on 1 August 2014.

The disposal group was previously included in the South Africa Paper and Flexibles segment for segmental reporting purposes. Impairment losses of R55.0 million (R50.4 million on reclassification as held for sale) were recognised in respect of the disposal group in the previous year.

Assets classified as held for sale

Assets relating to the discontinued operation	–	551.6
	–	551.6

Liabilities associated with assets held for sale

Liabilities of the discontinued operation	–	240.7
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The major classes of assets and liabilities of the discontinued operation at the end of the year are as follows:

Property, plant and equipment	–	151.9
Inventories	–	235.8
Trade receivables and other current assets	–	163.9
Assets of the discontinued operation classified as held for sale	–	551.6
Retirement benefit obligation	–	35.0
Trade and other payables	–	205.7
Liabilities of the discontinued operation associated with assets classified as held for sale	–	240.7
Net assets of the discontinued operation classified as held for sale	–	310.9

Notes to the group financial statements continued

for the year ended 30 September 2014

14. Capital and reserves

Capital reserves

	Notes	Share capital R million	Share premium R million	Treasury shares R million	Share-based payments reserve R million
Reconciliation of movement in capital and reserves					
At 1 October 2012 (as previously reported)		35.9	17.6	(1 104.3)	350.1
Adjustments*		–	–	276.7	–
At October 2012 (restated)		35.9	17.6	(827.6)	350.1
Employee share option scheme:					
– value of employee services		–	–	–	19.4
– share grants exercised		–	–	–	(10.9)
– proceeds from shares issued		0.1	28.0	–	–
– share grants forfeited after vesting date		–	–	–	(0.2)
Share of associates' and joint ventures' non-distributable reserves		–	–	–	–
Currency translation differences		–	–	–	–
Gain on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Net actuarial loss		–	–	–	–
Transfer to distributable reserves		–	–	–	–
Gain on available-for-sale financial assets		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	30	–	–	–	–
At 30 September 2013 (restated)		36.0	45.6	(827.6)	358.4
Employee share option scheme:					
– value of employee services		–	–	–	17.0
– share grants exercised		–	–	–	(97.1)
– proceeds from shares issued		0.1	101.4	–	–
Share of associates' and joint ventures' non-distributable reserves		–	–	–	–
Currency translation differences		–	–	–	–
Gain on cash flow hedges		–	–	–	–
Transfer from cash flow hedging reserve to assets		–	–	–	–
Net actuarial gain		–	–	–	–
Transfer on consolidation of joint venture		–	–	–	–
Reclassification of available-for-sale financial asset		–	–	–	–
Profit for the year		–	–	–	–
Dividends paid	30	–	–	–	–
At 30 September 2014		36.1	147.0	(827.6)	278.3

* Adjustment due to deconsolidation of broad-based black economic empowerment transaction.

Notes to the group financial statements continued

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Other reserves										
Foreign currency translation reserve R million	Hyper- inflation capital adjustment R million	Financial instruments hedging reserve R million	Recognised actuarial gains/ (losses) R million	Share of non- distributable reserves in associates and joint ventures R million	Available- for-sale financial assets revaluation reserve R million	Other R million	Retained earnings R million	Total attributable to owners of Nampak Ltd R million	Non- controlling interest R million	Total equity R million
268.0	(24.3)	5.6	(578.1)	0.9	(22.2)	0.2	7 321.5	6 270.9	(54.5)	6 216.4
–	–	–	–	–	–	–	(53.1)	223.6	–	223.6
268.0	(24.3)	5.6	(578.1)	0.9	(22.2)	0.2	7 268.4	6 494.5	(54.5)	6 440.0
–	–	–	–	–	–	–	–	19.4	–	19.4
–	–	–	–	–	–	–	–	(10.9)	–	(10.9)
–	–	–	–	–	–	–	–	28.1	–	28.1
–	–	–	–	–	–	–	0.2	–	–	–
–	–	–	–	1.2	–	–	–	1.2	–	1.2
659.6	–	–	–	–	–	–	–	659.6	(6.2)	653.4
–	–	9.6	–	–	–	–	–	9.6	–	9.6
–	–	(10.8)	–	–	–	–	–	(10.8)	–	(10.8)
–	–	–	(398.1)	–	–	–	–	(398.1)	–	(398.1)
–	24.3	–	–	0.1	–	–	(24.4)	–	–	–
–	–	–	–	–	2.2	–	–	2.2	–	2.2
–	–	–	–	–	–	–	1 295.0	1 295.0	(19.4)	1 275.6
–	–	–	–	–	–	–	(819.1)	(819.1)	–	(819.1)
927.6	–	4.4	(976.2)	2.2	(20.0)	0.2	7 720.1	7 270.7	(80.1)	7 190.6
–	–	–	–	–	–	–	–	17.0	–	17.0
–	–	–	–	–	–	–	–	(97.1)	–	(97.1)
–	–	–	–	–	–	–	–	101.5	–	101.5
–	–	–	–	1.3	–	–	–	1.3	–	1.3
387.0	–	–	–	–	–	–	–	387.0	(5.1)	381.9
–	–	1.1	–	–	–	–	–	1.1	–	1.1
–	–	(4.3)	–	–	–	–	–	(4.3)	–	(4.3)
–	–	–	10.2	–	–	–	–	10.2	–	10.2
(0.4)	–	–	–	0.4	–	–	–	–	–	–
–	–	–	–	–	(18.3)	–	–	(18.3)	–	(18.3)
–	–	–	–	–	–	–	1 169.4	1 169.4	34.2	1 203.6
–	–	–	–	–	–	–	(904.4)	(904.4)	–	(904.4)
1 314.2	–	1.2	(966.0)	3.9	(38.3)	0.2	7 985.1	7 934.1	(51.0)	7 883.1

Notes to the group financial statements continued

for the year ended 30 September 2014

14. Capital and reserves continued

	2014 R million	2013 R million
Share capital and premium		
Authorised:		
776 857 200 ordinary shares of 5 cents each	38.9	38.9
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
100 redeemable preference shares of 5 cents each	–	–
Authorised share capital	39.9	39.9
Issued:		
700 707 537 (2013: 697 897 394) ordinary shares of 5 cents each	35.1	35.0
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
Issued share capital	36.1	36.0
17 996 539 (2013: 18 738 024) ordinary shares have been set aside for employees' share schemes		
Share premium	147.0	45.6
Treasury shares	(827.6)	(827.6)
27 369 195 ordinary shares held by the Nampak Black Management Share Trust	(312.0)	(312.0)
45 070 855 ordinary shares held by Nampak Products Ltd	(515.6)	(515.6)
Share-based payments reserve	278.3	358.4
Capital reserves	(402.3)	(423.6)
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	697 897 394	696 711 782
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme (Option Scheme)	240 000	423 300
Ordinary shares allotted to a director in terms of the Option Scheme	–	40 000
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Ltd Performance Share Plan (PSP)	381 087	200 079
Ordinary shares allotted to directors in terms of the PSP	400 483	251 447
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Ltd Share Appreciation Plan (SAP)	1 358 440	94 784
Ordinary shares allotted to directors in terms of the SAP	197 364	49 222
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Ltd Deferred Bonus Plan (DBP)	112 101	96 095
Ordinary shares allotted to directors in terms of the DBP	120 668	30 685
Number of ordinary shares issued at end of year	700 707 537	697 897 394
Treasury shares	(72 440 050)	(72 440 050)
Net number of ordinary shares	628 267 487	625 457 344

for the year ended 30 September 2014

14. Capital and reserves continued

Preference shares

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

Treasury shares

Treasury shares represent Nampak Ltd shares held by group subsidiary companies. During the year, the broad-based black economic empowerment transaction (Red Coral Investments 23 (Pty) Ltd) was deconsolidated on the adoption of IFRS 10 *Consolidated Financial Statements*. This resulted in the treasury shares held by this company being derecognised.

Foreign currency translation reserve

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

Hyperinflation capital adjustment

An entity which 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. During the prior year the reserve was reversed to retained earnings as a result of the Zimbabwe entities being reconsolidated.

Financial instruments hedging reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions in terms of which risk of ownership has not yet passed.

Recognised actuarial gains/(losses)

Actuarial gains and losses comprise:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

The group policy is to recognise all actuarial gains/(losses) in the period in which they occur in equity.

Share of non-distributable reserves in associates and joint ventures

Non-distributable reserves in associates and joint ventures arise out of associate companies and joint ventures 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 2014

15. Loans and borrowings

			2014 R million	2013 R million
	Redeemable/ repayable	Year-end interest rates		
Secured loans ¹				
– local	2017 – 2018	7.4% to 7.6%	1 500.0	1 500.0
– foreign	2015 – 2023	0.9% to 5.3%	3 610.4	1 745.3
Unsecured loans				
– foreign	2015	28.8%	0.9	1.5
Capitalised finance leases ²				
– local	2015 – 2018	7.3% to 8.5%	1.4	3.3
– foreign	2015	30.8%	0.1	0.3
			5 112.8	3 250.4
Less: instalments due for repayment within one year, reflected as current loans			359.5	0.9
Net non-current loans and borrowings			4 753.3	3 249.5
¹ Loans and borrowings are secured by the following assets: R500.0 million (2013: R500.0 million) debt is secured by properties with a market value of R815.8 million (2013: R783.7 million). R5 110.4 million (2013: R2 745.7 million) debt is secured by guarantees issued by Nampak Ltd. This facility is subject to covenants relating to interest cover, gearing and liquidity of the Nampak Ltd group. The Nampak Ltd group was well within the covenant requirements throughout the year under review. No liabilities have been recognised for the outstanding guarantees.				
² Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. Interest rates are fixed at the contract date. The fair value of the group's lease obligations approximates the carrying amount.				
Current loans				
Current portion of loans			358.0	(1.2)
Current portion of finance leases			1.5	2.1
Commercial paper – unsecured			160.0	695.0
Bank overdrafts and other current loans – unsecured			1 808.5	1 808.2
Total current loans and borrowings			2 328.0	2 504.1
Total borrowings			7 081.3	5 753.6

Notes to the group financial statements continued

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for the year ended 30 September 2014

15. Loans and borrowings continued

		Total	Local	Foreign
Summary of borrowings by year of redemption or payment				
Total owing at 30 September 2014		5 112.8	1 501.4	3 611.4
Repayable during the year ending 30 September:				
	2015	359.5	1.4	358.1
	2016	363.5	–	363.5
	2017	1 370.7	1 000.0	370.7
	2018	878.2	500.0	378.2
	2019 onwards	2 140.9	–	2 140.9

Included above are the minimum lease payments due on capitalised finance leases which are all repayable during the year ending 30 September 2015:

	Total	Local	Foreign
Total owing at 30 September 2014	1.5	1.4	0.1

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

	2014 R million	2013 R million
16. Other non-current liabilities		
Operating lease liabilities	33.1	33.6
Deferred income	22.2	13.8
	55.3	47.4
Less: current portion	4.1	3.2
	51.2	44.2
Non-current provisions (note 19)	7.4	7.6
Total	58.6	51.8

The operating leases relate to land and buildings, motor vehicles and other commitments with remaining terms from 2015 onwards. The deferred income mainly relates to government grants which are recognised over the useful lives of the assets to which they pertain.

Notes to the group financial statements continued

for the year ended 30 September 2014

	Country	Members		Contribution costs	
		2014	2013	2014 R million	2013 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	2 241	1 752	87.6	78.5
Nampak Provident Fund*	RSA	6 280	7 109	112.7	129.1
Nampak Kenya Limited Provident Fund	Kenya	159	163	0.5	2.4
Nampak Kenya Ltd Staff Pension and Life Assurance Scheme	Kenya	37	39	1.1	0.9
Nampak Nigeria plc Retirement Gratuity	Nigeria	139	134	0.8	0.6
Nampak Nigeria plc Pension Funds	Nigeria	290	286	1.2	0.9
Nampak Holdings UK – Friends & Provident	UK	–	222	–	7.3
		9 146	9 705	203.9	219.7
External funds					
External funds	UK and rest of Africa	921	1 033	6.0	6.6
Industry funds	RSA	283	757	5.8	8.6
		1 204	1 790	11.8	15.2
Totals		10 350	11 495	215.7	234.9

* These funds are governed by the Pension Funds Act, No 24 of 1956.

17.2 Defined benefit funds

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

	Pension plans		Post-retirement medical
	South Africa	United Kingdom	South Africa
2014			
Assumptions			
Discount rate	8.5%	4.0%	9.0%
Consumer price inflation (long-term)	5.8%	3.2%	6.7%
Expected return on funds' assets	–	–	9.0%
Rate of compensation increase	–	2.7%	–
Pension increase	4.6%	2.4%/3.1%	–
Rate of medical inflation	–	–	8.2%
Membership data			
Total membership	19	1 923	3 405
2013			
Assumptions			
Discount rate	8.1%	4.5%	9.1%
Consumer price inflation (long-term)	5.5%	2.3%	6.7%
Expected return on funds' assets	8.6%	5.1%	9.1%
Rate of compensation increase	7.0%	3.8%	–
Pension increase	4.4%	3.2%	–
Rate of medical inflation	–	–	8.2%
Membership data			
Total membership	25	1 934	3 607

Notes to the group financial statements continued

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for the year ended 30 September 2014

17. Retirement benefit information continued

17.2 Defined benefit funds continued

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

	Pension plans		Post-retirement medical
	South Africa	United Kingdom	South Africa
2014			
Emerging market equity	–	5.4%	–
Emerging market debt	–	2.9%	–
Diversified growth funds	–	51.7%	–
Cash	–	2.4%	–
Insured pensions	–	37.6%	–
2013			
Emerging market equity	–	3.4%	–
Emerging market debt	–	3.2%	–
Diversified growth funds	–	50.3%	–
Cash	–	4.1%	–
Insured pensions	–	39.0%	–

The amounts recognised in the statement of financial position are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	United Kingdom R million	South Africa R million	R million
2014				
Valuation results				
Fair value of plan assets	–	(1 687.0)	–	(1 687.0)
Present value of benefit obligations	1.3	2 161.0	1 697.7	3 860.0
Net liability	1.3	474.0	1 697.7	2 173.0
2013				
Valuation results				
Fair value of plan assets	–	(1 438.5)	–	(1 438.5)
Present value of benefit obligations	1.8	1 869.1	1 760.7	3 631.6
Net liability	1.8	430.6	1 760.7	2 193.1

The amounts recognised in the statement of comprehensive income are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	United Kingdom R million	South Africa R million	R million
2014				
Service cost:				
Current service cost	–	–	22.1	22.1
Past service cost (adjustment)	–	–	(124.4)	(124.4)
Net interest cost	0.1	20.3	157.8	178.2
Components of defined benefit expense recognised in profit or loss	0.1	20.3	55.5	75.9
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense) – loss	–	12.3	–	12.3
Actuarial gains arising from changes in demographic assumptions	–	(49.8)	(3.9)	(53.7)
Actuarial gains arising from changes in financial assumptions	(0.3)	(31.3)	(49.4)	(81.0)
Actuarial (gains)/losses arising from experiences adjustments	(0.3)	87.6	4.5	91.8
Other	–	–	6.8	6.8
Components of defined benefit (income)/expense recognised in other comprehensive income	(0.6)	18.8	(42.0)	(23.8)

Notes to the group financial statements continued

for the year ended 30 September 2014

17. Retirement benefit information continued

17.2 Defined benefit funds continued

	Pension funds		Post-retirement medical	Total
	South Africa R million	United Kingdom R million	South Africa R million	R million
2013				
Service cost:				
Current service cost	0.2	–	18.8	19.0
Net interest (income)/expense	(1.1)	13.1	103.3	115.3
Components of defined benefit (income)/expense recognised in profit or loss	(0.9)	13.1	122.1	134.3
Remeasurement of the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense) – gains	(0.3)	(67.3)	–	(67.6)
Actuarial losses/(gains) arising from changes in demographic assumptions	–	3.8	(51.9)	(48.1)
Actuarial (gains)/losses arising from changes in financial assumptions	(0.6)	93.5	108.5	201.4
Actuarial (gains)/losses arising from experiences adjustments	(0.7)	97.0	350.9	447.2
Other	–	–	(0.7)	(0.7)
Components of defined benefit (income)/expense recognised in other comprehensive income	(1.6)	127.0	406.8	532.2
Changes in the fair value of plan assets are as follows:				
	South Africa R million	United Kingdom R million	Post-retirement medical South Africa R million	Total R million
At 1 October 2012	10.1	1 081.8	–	1 091.9
Interest income	1.7	55.0	–	56.7
Remeasurement gain:				
Return on plan assets (excluding amounts included in net interest expense)	0.3	67.3	–	67.6
Contributions by employers	0.2	45.9	–	46.1
Contributions by members	0.1	–	–	0.1
Translation difference on foreign plans	–	234.9	–	234.9
Benefits paid	(3.5)	(46.4)	–	(49.9)
Settlements	(8.9)	–	–	(8.9)
At 30 September 2013	–	1 438.5	–	1 438.5
Interest income	–	71.4	–	71.4
Remeasurement loss:				
Return on plan assets (excluding amounts included in net interest expense)	–	(12.3)	–	(12.3)
Contributions by employers	–	52.0	–	52.0
Contributions by members	–	–	–	–
Translation difference on foreign plans	–	185.0	–	185.0
Benefits paid	–	(47.6)	–	(47.6)
At 30 September 2014	–	1 687.0	–	1 687.0

Notes to the group financial statements continued

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for the year ended 30 September 2014

17. Retirement benefit information continued

17.2 Defined benefit funds continued

Changes in the present value of the defined benefit obligation are as follows:

	Pension funds		Post-retirement medical	Total
	South Africa R million	United Kingdom R million	South Africa R million	R million
At 1 October 2012	11.9	1 358.3	1 340.0	2 710.2
Current service cost	0.2	–	18.8	19.0
Interest cost	0.6	68.1	103.3	172.0
Remeasurement (gains)/losses:				
Actuarial losses/(gains) arising from changes in demographic assumptions	–	3.8	(51.9)	(48.1)
Actuarial (gains)/losses arising from changes in financial assumptions	(0.6)	93.5	108.5	201.4
Actuarial (gains)/losses arising from experience adjustments	(0.7)	97.0	350.9	447.2
Other	–	–	(0.7)	(0.7)
Translation difference on foreign plans	–	294.8	–	294.8
Benefits paid	(3.5)	(46.4)	(73.2)	(123.1)
Settlements	(6.1)	–	–	(6.1)
Reclassifications*	–	–	(35.0)	(35.0)
At 30 September 2013	1.8	1 869.1	1 760.7	3 631.6
Current service cost	–	–	22.1	22.1
Interest cost	0.1	91.7	157.8	249.6
Remeasurement (gains)/losses:				
Actuarial gains arising from changes in demographic assumptions	–	(49.8)	(3.9)	(53.7)
Actuarial gains arising from changes in financial assumptions	(0.3)	(31.3)	(49.4)	(81.0)
Actuarial (gains)/losses arising from experience adjustments	(0.3)	87.6	4.5	91.8
Other	–	–	6.8	6.8
Past service cost (adjustment)	–	–	(124.4)	(124.4)
Translation difference on foreign plans	–	241.3	–	241.3
Reclassifications**	–	–	4.2	4.2
Benefits paid	–	(47.6)	(80.7)	(128.3)
At 30 September 2014	1.3	2 161.0	1 697.7	3 860.0
Expected contributions to defined benefit plans in 2015	–	50.9	–	50.9

* In the previous year, the post-retirement medical aid liability relating to the discontinued operation (Cartons and Labels) was reclassified to liabilities directly associated with assets classified as held for sale.

** The Malbak postretirement medical aid liability in the PFV Benefit Fund is in the process of being closed. No residual amounts are due to Nampak. The funds were transferred from the available-for-sale financial asset to the defined benefit obligation.

The total unfunded pension liability is R1.3 million (2013: R1.8 million) and the unfunded postretirement medical liability is R1 697.7 million (2013: R1 760.7 million).

Notes to the group financial statements continued

for the year ended 30 September 2014

17. Retirement benefit information continued

17.2 Defined benefit funds continued

The history of the plans for the current and prior years is as follows:

	Defined benefit pension plans				
	2014 R million	2013 R million	2012 R million	2011 R million	2010 R million
Fair value of plan assets	1 687.0	1 438.5	1 091.9	962.9	1 267.9
Present value of benefit obligations	(2 162.3)	(1 870.9)	(1 370.2)	(1 160.5)	(1 667.6)
Deficit	(475.3)	(432.4)	(278.3)	(197.6)	(399.7)
Experience adjustments on plan liabilities (%)	2.4	(0.2)	(2.9)	0.1	0.1
Experience adjustments on plan assets (%)	—	4.0	3.6	3.5	3.6

	Post-retirement medical				
	2014 R million	2013 R million	2012 R million	2011 R million	2010 R million
Fair value of plan assets	—	—	—	34.1	67.6
Present value of benefit obligations	(1 697.7)	(1 760.7)	(1 340.0)	(1 197.0)	(1 072.4)
Deficit	(1 697.7)	(1 760.7)	(1 340.0)	(1 162.9)	(1 004.8)
Experience adjustments on plan liabilities (%)	2.3	29.4	7.2	0.4	4.6
Experience adjustments on plan assets (%)	—	—	—	2.3	2.3

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	18.3	21.3
Effect on defined benefit obligation	189.4	190.3

The statutory actuarial valuations of the defined benefit funds are as follows:

	Valuation date	Fair value of assets R million	Fair value of liabilities R million	Valuation basis
Nampak plc Pension Plan	05/04/2013	928.4	1 235.3	PUC
Nampak plc Staff Pension Plan	05/04/2013	712.7	861.1	PUC
Nampak Post-Retirement Medical Aid Fund	30/09/2012	—	1 339.4	PUC

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 at the year-end.

The valuations listed above are not necessarily the valuations used in determining the surplus or obligation recognised on the statement of financial position.

Notes to the group financial statements continued

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18. Trade payables and other current liabilities

	2014 R million	2013 R million
Trade payables	2 182.5	1 948.1
Accruals	1 624.6	1 459.4
Derivative financial instruments (note 1)	18.3	18.3
Cash-settled share-based payments	1.0	1.0
Other	184.6	80.1
Total	4 011.0	3 506.9

Trade payables and accruals mainly consist of 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

	Restructuring R million	Customer claims R million	Other R million	Total R million
At 1 October 2012	5.0	10.7	8.0	23.7
Additions	10.9	6.0	15.0	31.9
Usage	(4.3)	(1.2)	(1.9)	(7.4)
Reversals	–	(11.3)	(5.5)	(16.8)
Translation differences	0.4	1.4	0.1	1.9
Other	0.1	(0.1)	–	–
At 30 September 2013	12.1	5.5	15.7	33.3
Additions	2.5	24.1	14.9	41.5
Usage	(3.1)	(8.0)	(2.3)	(13.4)
Reversals	(8.1)	(6.0)	–	(14.1)
Translation differences	0.8	0.1	0.4	1.3
Other	2.8	–	(0.1)	2.7
At 30 September 2014	7.0	15.7	28.6	51.3

	2014 R million	2013 R million
Analysed as:		
Current	43.9	25.7
Non-current (note 16)	7.4	7.6
	51.3	33.3

Restructuring

Provisions for restructuring are recognised when the group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditures which are necessarily entailed by the restructuring and are not associated with the ongoing activities of the group.

Customer claims

Amounts expected to be payable under customer claims in respect of goods already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Other

These provisions mainly relate to onerous leases on property.

Notes to the group financial statements continued

for the year ended 30 September 2014

20. Revenue

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
Sale of goods	19 730.3	17 989.7	930.4	1 066.2	20 660.7	19 055.9
Rendering of services	8.1	8.2	–	–	8.1	8.2
Other	232.1	87.9	–	–	232.1	87.9
	19 970.5	18 085.8	930.4	1 066.2	20 900.9	19 152.0

21. Operating profit

Operating profit is stated after taking into account the following items:

21.1	Cost of goods sold	13 595.9	12 232.6	568.1	903.3	14 164.0	13 135.9
21.2	Included in employee benefit expense						
	Retrenchment costs	28.1	30.0	1.1	10.9	29.2	40.9
	Defined benefit plan expense*	72.3	130.5	3.6	3.8	75.9	134.3
	Other share-based payment expenses	23.8	26.9	–	–	23.8	26.9
21.3	Depreciation and amortisation consists of						
	Investment properties	0.1	–	–	–	0.1	–
	Freehold and leasehold buildings	55.4	39.2	–	0.5	55.4	39.7
	Plant, equipment and vehicles	717.4	666.0	–	20.1	717.4	686.1
	Intangible assets	41.0	38.0	0.3	0.7	41.3	38.7
		813.9	743.2	0.3	21.3	814.2	764.5

* Includes past-service costs relating to the capping of future contributions to the postretirement medical aid to CPI in respect of active members (refer note 17).

Notes to the group financial statements continued

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for the year ended 30 September 2014

21. Operating profit continued

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
21.4 Included in other operating expenses and income						
Auditors' remuneration						
Audit fees	20.3	15.4	(0.6)	0.7	19.7	16.1
Tax services	0.6	4.4	–	–	0.6	4.4
Other services	1.2	0.8	–	–	1.2	0.8
Total	22.1	20.6	(0.6)	0.7	21.5	21.3
Impairments						
Freehold and leasehold buildings	62.4	–	–	–	62.4	–
Plant and equipment	364.7	66.9	–	4.6	364.7	71.5
Assets classified as held for sale	–	–	–	50.4	–	50.4
Intangible assets	4.4	–	–	–	4.4	–
Goodwill	–	0.2	–	–	–	0.2
Total	431.5	67.1	–	55.0	431.5	122.1
Reversal of impairments						
Freehold and leasehold buildings	–	(5.3)	–	–	–	(5.3)
Plant and equipment	–	(0.5)	–	–	–	(0.5)
Total	–	(5.8)	–	–	–	(5.8)
Rentals in respect of operating leases						
Property	97.2	101.2	17.7	16.6	114.9	117.8
Plant, equipment and vehicles	3.9	2.8	0.1	0.2	4.0	3.0
Total	101.1	104.0	17.8	16.8	118.9	120.8
Administration and technical fees	22.4	15.3	0.2	–	22.6	15.3
Selling expenses	60.9	33.5	(0.4)	5.8	60.5	39.3
Distribution expenses	874.2	763.9	18.4	24.9	892.6	788.8
Research and development expenditure	8.7	40.1	1.6	2.5	10.3	42.6
Gain on revaluation of original interest in business acquired	(9.4)	(23.2)	–	–	(9.4)	(23.2)
Gain on reconsolidation of Zimbabwe entities	–	(87.8)	–	–	–	(87.8)
Loss on disposal of businesses and investments	–	0.1	33.7	–	33.7	0.1
Restructuring costs	–	0.6	2.5	31.4	2.5	32.0
Government grants received	–	(0.5)	–	–	–	(0.5)
Net gain on foreign exchange*	(227.8)	(57.0)	(3.5)	(6.9)	(231.3)	(63.9)
Financial instruments fair value loss/(gain)	13.6	(17.9)	–	–	13.6	(17.9)
Net profit on disposal of property	(23.7)	(0.7)	–	–	(23.7)	(0.7)
Net loss/(gain) on disposal of plant, equipment and intangible assets	4.8	(24.0)	0.8	(0.5)	5.6	(24.5)

* Includes translation gains on foreign currency denominated loans.

Notes to the group financial statements continued

for the year ended 30 September 2014

21. Operating profit continued

	2014 R million	2013 R million
21.5 Directors' and prescribed officers' remuneration		
Non-executive directors		
RC Andersen	0.7	0.5
E Ikazoboh	0.3	–
RJ Khoza	0.3	0.3
NV Lila	0.2	–
PM Madi	0.6	0.4
VN Magwentshu	0.1	0.4
TT Mboweni	1.5	1.4
IN Mkhari	0.3	–
DC Moephuli	0.4	0.3
CWN Molope	0.5	0.5
RV Smither	0.6	0.5
PM Surgey	0.6	0.6
	6.1	4.9
Executive directors		
A de Ruyter	11.2	–
AB Marshall	7.4	7.9
G Griffiths	3.7	4.3
FV Tshiqi	4.9	3.1
	27.2	15.3
Prescribed officers		
CH Bromley	1.0	3.7
C Burmeister	2.2	–
PA de Weerd	4.9	4.2
RG Morris	5.3	3.5
SE Msane	4.5	2.8
ZK Nzimande	–	2.1
NP O'Brien	4.2	2.7
EE Smuts	2.4	–
	24.5	19.0
	57.8	39.2
Included in the above:		
Company contributions to retirement funds	2.1	1.8
Paid by the company	31.5	18.0
Paid by the subsidiary companies	26.3	21.2

No contributions were made in respect of past directors and prescribed officers.

Full details of total remuneration are included in note 38.

Notes to the group financial statements continued

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for the year ended 30 September 2014

22. Share-based payments

All share schemes are classified as equity-settled schemes.

	2014 R million	2013 R million
Share-based payment expenses recognised		
Performance Share Plan	8.8	8.0
Share Appreciation Plan	10.7	14.0
Deferred Bonus Plan	4.3	4.9
Total	23.8	26.9

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. 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 one third vested on 30 September 2010 provided the services were not terminated for disciplinary reasons. The shares will be held in 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. As all the shares have vested as at 30 September 2010, no further expenses are recognised in the current year.

Vesting conditions

The beneficiary right held by participants on 30 September 2010 vested. Permitted and non-permitted employee events no longer have an impact on the allocated rights.

In the event of death or disability of a beneficiary, the total number of shares vested will be calculated by means of a predetermined formula. The 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 the 10-year lock-in period on 31 December 2015. The company has the discretion to extend the lock-in period by a further two years should the value of the trust shares be less than the outstanding loan.

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Black Management Trust (BMT) continued

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

Allocation date	30 September 2010	1 April 2010	1 October 2009	1 April 2009
Outstanding at 30 September 2014	1 830 309	4 256 666	1 728 330	2 028 327
Outstanding at 30 September 2013	1 830 309	4 256 666	1 728 330	2 028 327

The calculated fair values and significant inputs into the valuation models were as follows:

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%

¹ These numbers were the starting points for the calculation of the exercise prices used in the model. The exercise prices will fluctuate depending on deemed interest accrued at 8.5% of the prime interest rate and dividends paid to the trust.

² Volatility was calculated using the EWMA methodology. This approach estimates the volatility by applying more weight to recent data.

The risk-free rate used in the model was sourced from the Bond Exchange of South Africa. The ZAR zero coupon swap curve as at each valuation was used. A dividend yield of 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.

Other share plans

Performance Share Plan and Share Appreciation Plan

Overview

During July 2006 the group adopted two share-based payment plans, the Performance Share Plan (PSP) and the Share Appreciation Plan (SAP).

Participation in the PSP is restricted to senior executives and executive directors, while participation in the SAP is restricted to senior management and executive directors. Participation in both plans is subject to approval by the remuneration 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.

Notes to the group financial statements continued

for the year ended 30 September 2014

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1 October 2008	31 March 2008	30 September 2007	30 June 2007	31 March 2007	30 September 2006	31 March 2006	15 December 2005
896 483	3 047 640	640 000	1 685 000	1 210 477	510 000	643 400	8 892 563
896 483	3 047 640	640 000	1 685 000	1 210 477	510 000	643 400	8 892 563
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 2014

22. Share-based payments continued

Performance Share Plan and Share Appreciation Plan continued

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	TSR criteria ¹	
		Ranking compared to ALSI 40 constituent companies	Threshold
			Target
Performance share plan			
1 July 2006	01/04/2006 – 31/03/2009	25	1
10 December 2007	01/10/2007 – 30/09/2010	25	1
10 December 2008	01/10/2008 – 30/09/2011	25	1
4 December 2009	01/10/2009 – 30/09/2012	25	1
3 February 2010	03/02/2010 – 03/02/2013	n/a	n/a
14 December 2010	01/10/2010 – 30/09/2013	CPI + 9%	CPI + 24%
17 March 2011	01/10/2010 – 30/09/2013	CPI + 9%	CPI + 24%
5 December 2011	01/10/2011 – 30/09/2014	CPI + 9%	CPI + 24%
3 December 2012	01/10/2012 – 30/09/2015	CPI + 9%	CPI + 24%
3 December 2013	01/10/2013 – 30/09/2016	CPI + 9%	CPI + 24%
2 January 2014	01/10/2013 – 30/09/2016	CPI + 9%	CPI + 24%
Share Appreciation Plan			
1 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	–	–
4 December 2009	01/10/2009 – 30/09/2012	–	–
14 December 2010	01/10/2010 – 30/09/2013	–	–
5 December 2011	01/10/2011 – 30/09/2014	–	–
3 December 2012	01/10/2012 – 30/09/2015	–	–
3 December 2013	01/10/2013 – 30/09/2016	–	–
2 January 2014	01/10/2013 – 30/09/2016	–	–

¹ The 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 (for the first four allocations) and improvement in TSR relative to the cumulative CPI within the performance period (for the last six allocations).

² The non-market condition is based on an improvement in Nampak's annual headline earnings per share (adjusted for financial fair value gains and losses) relative to the cumulative CPI within the performance period.

³ The non-market condition is based on an improvement in Nampak's annual return on equity.

For the 3 February 2010 allocation of the PSP, 70% of the shares will be subject to the headline earnings per share condition and 30% to other various performance objectives.

For all other previous allocations of the PSP, 50% of shares will be subject to the TSR condition and 50% will be subject to the headline earnings per share condition, while for the 2012 allocation of the PSP, 40% of shares will be subject to the TSR condition, 40% will be subject to the headline earnings per share condition and 20% will be subject to the return on equity condition. For the 2013 and 2014 allocation 30% will be subject to the TSR condition, 40% will be subject to the headline earnings per share condition and 30% will be subject to the return on equity condition.

Notes to the group financial statements continued

for the year ended 30 September 2014

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HEPS condition ²		ROE condition ³		Vesting		
Non-market condition Threshold	Target	Non-market condition Threshold	Target	Performance below threshold criteria	Performance below target criteria above threshold	Performance at or above target criteria
–	CPI + 2%	–	–	No vesting	No vesting	100%
CPI + 15%	CPI + 45%	–	–	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	–	–	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	–	–	No vesting	Proportional vesting	100%
CPI + 6%	CPI + 6%	–	–	No vesting	–	100%
CPI + 9%	CPI + 24%	–	–	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	–	–	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	–	–	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	15.50%	17.50%	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	15.50%	17.50%	No vesting	Proportional vesting	100%
CPI + 9%	CPI + 24%	15.50%	17.50%	No vesting	Proportional vesting	100%
CPI + 2%	CPI + 6%	–	–	No vesting	Proportional vesting	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%
–	CPI + 6%	–	–	No vesting	–	100%

Under the PSP, performance below the threshold performance criteria will result in no shares vesting. If the target performance criteria is met, 100% of the shares will vest and then be released proportionately between the third and fifth year from the original grant date so that after five years the participants will be entitled to receive full rights under the scheme.

Performance below the threshold performance criteria will result in no share appreciation rights vesting under the SAP. If the target performance criteria is met for the allocations from 2010 onwards, 100% of the share appreciation rights vest and are released immediately after the third year. Rights must be exercised within seven years from grant date. For the allocations before 2010, 100% of the share appreciation rights vest and the shares are released proportionately between the third and fifth year from the original grant date so that after five years, participants will be entitled to receive full rights under the scheme. Participants have 10 years from grant date to exercise rights for these allocations.

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. Participants then have six months under the SAP to exercise these share appreciation rights before they lapse. Termination of employment due to resignation or dismissal prior to the expiry of three years from the allocation date will forfeit their allocated shares/share appreciation rights. Termination of employment due to resignation or dismissal after the expiry of the three years from allocation date under the PSP will result in shares/share appreciation rights being forfeited. Where an employee is retrenched the shares/share appreciation rights will vest, be released and may be exercised in full to the extent that the performance condition is achieved.

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Other share plans continued

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

	Performance Share Plan Share grants		
	2 January 2014	3 December 2013	3 December 2012
	Number of awards	Number of awards	Number of awards
2014			
Outstanding at beginning of year	–	–	1 085 071
Granted during the year	128 300	816 360	–
Forfeited during the year	–	–	(68 426)
Retirements during the year	–	(57 457)	(143 985)
Exercised during the year	–	–	–
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	128 300	758 903	872 660
Exercisable at end of year			

Notes to the group financial statements continued

for the year ended 30 September 2014

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5 December 2011	17 March 2011	14 December 2010	Performance Share Plan Share grants		10 December 2008	10 December 2007	1 July 2006
			3 February 2010	15 December 2009			
Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards
1 488 010	55 000	938 700	98 500	409 309	128 371	–	–
–	–	–	–	–	–	–	–
(172 775)	–	(53 333)	–	(14 936)	–	–	–
(64 489)	–	–	–	–	–	–	–
–	(18 333)	(312 899)	(49 250)	(204 653)	(128 371)	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
1 250 746	36 667	572 468	49 250	189 720	–	–	–
			–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Other share plans continued

Share Appreciation Plan
Share rights

	2 January 2014		3 December 2013		3 December 2012		5 December 2011	
	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
2014								
Outstanding at beginning of year			–		4 044 807	30.67	910 759	22.95
Granted during the year	121 132	41	397 652	37.81	–	30.67	–	–
Forfeited during the year	–		–		(330 764)	30.67	(140 578)	22.95
Retirements during the year	–		(13 458)	37.81	(71 253)	–	(26 676)	–
Exercised during the year	–		–		–	–	–	–
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	121 132	41	384 194	37.81	3 642 790	30.67	743 505	22.95
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	–	–	–	–	–	–	743 505	–
2020	–	–	384 194	–	3 642 790	–	–	–
2021	121 132	–	–	–	–	–	–	–
2022	–	–	–	–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

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		Share Appreciation Plan Share rights						1985 Share Option Scheme Share options Allocations after 7 November 2002			
		14 December 2010	4 December 2009	10 December 2008	10 December 2007	10 December 2007	10 December 2007	1 July 2006			
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	Number of allocations	Weighted average exercise price
3 342 467	23.00	365 116	16.16	–	–	–	–	486 165	17	240 000	15
–	–	–	–	–	–	–	–	–	–	–	–
(48 300)	23.00	(16 380)	16.16	–	–	–	–	(4 000)	17	–	–
–	23.00	–	–	–	–	–	–	–	–	–	–
(3 093 300)	–	(182 555)	16.16	–	–	–	–	(342 665)	17	(240 000)	15
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
200 867	23.00	166 181	16.16	–	–	–	–	139 500	17	–	15
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
200 867	–	–	–	–	–	–	–	46 500	–	–	–
–	–	–	–	–	–	–	–	46 500	–	–	–
–	–	–	–	–	–	–	–	46 500	–	–	–
–	–	55 393	–	–	–	–	–	–	–	–	–
–	–	55 393	–	–	–	–	–	–	–	–	–
–	–	55 394	–	–	–	–	–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Other share plans continued

	Performance Share Plan Share grants		
	2 January 2014	3 December 2013	3 December 2012
	Number of awards	Number of awards	Number of awards
2013			
Outstanding at beginning of year	–	–	–
Granted during the year	–	–	1 157 225
Forfeited during the year	–	–	(51 556)
Retirements during the year	–	–	(20 598)
Exercised during the year	–	–	–
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	–	–	1 085 071
Exercisable at end of year	–	–	–

For the PSP the fair value of the performance shares allocated on 14 December 2010 was calculated using the Monte Carlo simulation method. At the end of the financial year ending 30 September 2014 it is expected that only the performance criteria relating to the TSR and HEPS conditions will be met. These conditions have been built into the fair market value of the shares allocated and have been expensed for the financial year ending 30 September 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

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5 December 2011	17 March 2011	14 December 2010	Performance Share Plan Share grants		10 December 2008	10 December 2007	1 July 2006
			3 February 2010	15 December 2009			
Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards
1 608 174	55 000	1 044 500	150 000	691 066	258 603	25 224	–
–	–	–	–	–	–	–	–
(108 504)	–	(100 828)	–	(66 338)	–	(2 249)	–
(11 660)	–	(4 972)	–	–	–	–	–
–	–	–	(49 250)	(215 419)	(130 232)	(22 975)	–
–	–	–	(2 250)	–	–	–	–
–	–	–	–	–	–	–	–
1 488 010	55 000	938 700	98 500	409 309	128 371	–	–
–	–	–	–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Other share plans continued

Share Appreciation Plan Share rights

	2 January 2014		3 December 2013		3 December 2012		5 December 2011	
	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
2013								
Outstanding at beginning of year	–	–	–	–	–	–	973 811	22.95
Granted during the year	–	–	–	–	4 302 473	30.67	–	–
Forfeited during the year	–	–	–	–	(257 666)	30.67	(63 052)	22.95
Retirements during the year	–	–	–	–	–	–	–	–
Exercised during the year	–	–	–	–	–	–	–	–
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	–	–	–	–	4 044 807	30.67	910 759	22.95
Exercisable at end of year	–	–	–	–	–	–	–	–
Share grants/rights outstanding at the end of the year have the following expiry dates:								
2012	–	–	–	–	–	–	–	–
2013	–	–	–	–	–	–	–	–
2014	–	–	–	–	–	–	–	–
2015	–	–	–	–	–	–	–	–
2016	–	–	–	–	–	–	–	–
2017	–	–	–	–	–	–	–	–
2018	–	–	–	–	–	–	–	–
2019	–	–	–	–	–	–	910 759	–
2020	–	–	–	–	4 044 807	–	–	–
2021	–	–	–	–	–	–	–	–
2022	–	–	–	–	–	–	–	–

For the SAP the fair value of the share rights allocated on 14 December 2010 was calculated using the Monte Carlo simulation method. An early exercise factor of two 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 will be amortised over the vesting period of the shares, however, at the end of the financial year ending 30 September 2014 it is expected that the performance criterion will be met.

Notes to the group financial statements continued

for the year ended 30 September 2014

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Share Appreciation Plan Share rights										1985 Share Option Scheme Share options Allocations after 7 November 2002	
14 December 2010		4 December 2009		10 December 2008		10 December 2007		1 July 2006			
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	Number of allocations	Weighted average exercise price
3 707 950	23.00	639 315	16.16	–	–	–	–	629 115	17.08	703 300	13.47
–	–	–	–	–	–	–	–	–	–	–	–
(348 808)	23.00	(77 475)	16.16	–	–	–	–	(25 945)	17.08	–	–
(16 675)	23.00	–	–	–	–	–	–	–	–	–	–
–	–	(196 724)	16.16	–	–	–	–	(117 005)	17.08	(463 300)	12.79
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
3 342 467	23.00	365 116	16.16	–	–	–	–	486 165	17.08	240 000	14.79
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	15 000	–
–	–	–	–	–	–	–	–	–	–	225 000	–
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	162 055	–	–	–
3 342 467	–	–	–	–	–	–	–	162 055	–	–	–
–	–	–	–	–	–	–	–	162 055	–	–	–
–	–	121 705	–	–	–	–	–	–	–	–	–
–	–	121 705	–	–	–	–	–	–	–	–	–
–	–	121 706	–	–	–	–	–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

22. Share-based payments continued

Deferred Bonus Plan

Overview

During February 2010 the group adopted the Deferred Bonus Plan.

Participation in the plan is limited to executive directors and senior executives of the group and its divisions. Participants were entitled to use a predetermined percentage of their annual bonus after tax to purchase shares (bonus shares) in Nampak Ltd.

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 calculated fair values and significant inputs into the valuation models were as follows:

	2 January 2014	3 December 2013	3 December 2012	5 December 2011	17 March 2011	PSP allocations 14 December 2010	3 February 2010	15 December 2009	10 December 2008	10 December 2007	1 July 2006
Weighted average exercise price	–	–	–	–	–	–	–	–	–	–	–
Weighted average fair value	25.03	21.7	7.89	8.95	9.10	10.84	13.67	9.61	5.51	¹	6.95
Expected volatility	23.40%	23.60%	20.66%	21.07%	20.5%	24.0%	25.9%	25.9%	26.0%	24.4%	37.1%
Expected life	5 years	5 years	5 years	5 years	5 years	5 years	3 years	5 years	5 years	5 years	5 years
Remaining life	4.3 years	4.2 years	3.2 years	2.2 years	1.4 years	1.2 years	0 years	0.2 years	0 years	0 years	0 years
Risk-free rate	8.0%	8.0%	6.5%	6.4%	7.8%	6.8%	7.8%	8.3%	8.8%	8.6%	7.1%
Expected dividend yield	6.0%	6.0%	4.8%	6.0%	6.0%	6.0%	4.5%	4.5%	4.5%	4.2%	5.6%

¹ Value of the TSR condition is R10.63.

² The 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.

Notes to the group financial statements continued

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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 matching award will vest at the end of the Deferred Bonus Plan period (DBP period) on 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.

42 423 bonus shares were purchased during the current financial year.

	2 January 2014	3 December 2013	3 December 2012	5 December 2011	SAP allocations				1 July 2006	The option scheme	3 December 2013	Deferred Bonus Plan			
					14 December 2010	4 December 2009	10 December 2008	10 December 2007				14 December 2012	15 December 2011	15 December 2010	22 February 2010
41.1	37.81	30.67	22.95	23.0	16.2	12.6	22.1	17.1	13.3	–	–	–	–	–	–
11.15	8.64	7.00 ²	5.14 ²	5.13 ²	5.41 ²	4.87 ²	5.01 ²	6.89	5.25	34.83	32.07	22.15	22.84	14.50	
25.6%	25.50%	27.9%	28.1%	28.3%	31.0%	34.0%	26.0%	37.1%	23.4%	–	–	–	–	–	–
3 years	3 years	3 years	5 years	5 years	10 years	10 years	10 years	5 years	10 years	3 years	3 years	3 years	3 years	3 years	3 years
2.3 years	2.2 years	1.2 years	2.2 years	1.2 years	5.2 years	4.2 years	3.2 years	0 years	0.2 years	2.2 years	1.2 years	0.2 years	0 years	0 years	0 years
8.0%	8.0%	6.5%	7.3%	7.7%	8.3%	8.8%	7.8%	7.1%	8.3%	–	–	–	–	–	–
6.0%	6.0%	5.3%	6.0%	6.0%	4.5%	4.5%	7.2%	5.6%	3.2%	4.2%	4.8%	6.0%	6.0%	4.5%	

Notes to the group financial statements continued

for the year ended 30 September 2014

23. Finance costs

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
Interest paid – short-term facilities	378.0	243.5	5.1	0.6	383.1	244.1
Interest paid – long-term facilities	51.3	13.8	–	–	51.3	13.8
Interest paid – other	1.3	1.7	–	–	1.3	1.7
Less: interest capitalised	(46.2)	(23.0)	–	–	(46.2)	(23.0)
	384.4	236.0	5.1	0.6	389.5	236.6

Borrowing costs included in the cost of qualifying assets are calculated by applying capitalisation rates ranging from 6.0% to 8.5% (2013: 6.0% to 8.5%) to expenditure on those assets.

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
24. Finance income						
Interest received – short-term facilities	25.9	25.3	–	–	25.9	25.3
Interest received – joint ventures	–	4.6	–	–	–	4.6
Interest received – other	31.5	8.0	–	0.6	31.5	8.6
	57.4	37.9	–	0.6	57.4	38.5
25. Income from investments						
Normal dividends	7.2	5.4	–	–	7.2	5.4
26. Income tax						
Current tax						
– Current year	152.9	418.5	0.7	(7.6)	153.6	410.9
– Prior year	(41.7)	11.5	(0.4)	–	(42.1)	11.5
Deferred tax						
– Current year	(95.4)	(50.5)	(24.4)	(26.8)	(119.8)	(77.3)
– Prior year	30.1	(47.2)	0.6	0.3	30.7	(46.9)
– Change in tax rate	(2.0)	(2.5)	–	–	(2.0)	(2.5)
Withholding and foreign tax	30.6	50.8	–	–	30.6	50.8
Total	74.5	380.6	(23.5)	(34.1)	51.0	346.5

The company tax rate in South Africa is 28% (2013: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

Notes to the group financial statements continued

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26. Income tax continued

	Continuing operations		Discontinued operations		Total	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Reconciliation of rate of tax						
Effective group rate of tax	5.7	21.8	42.4	27.9	4.1	21.4
Reduction in tax rate due to:						
– exempt income (including capital profits)	4.8	1.9	–	–	5.7	2.1
– associate income	0.3	0.2	–	–	0.3	0.3
– government incentives	14.6	1.4	–	(0.1)	15.3	1.5
– adjustment for prior year	0.9	2.0	0.1	0.2	0.9	2.2
– tax rate reduction	0.2	0.1	–	–	0.2	0.2
– utilisation of withholding tax credit	0.8	1.9	–	–	0.9	2.0
– tax rate differential	4.9	2.8	–	–	5.1	2.9
– utilisation of tax loss	–	0.1	–	–	–	0.1
Increase in tax rate due to:						
– deferred taxation not recognised	(0.5)	(0.1)	–	–	(0.5)	(0.1)
– disallowable expenses	(1.4)	(1.2)	(14.5)	–	(1.6)	(1.5)
– withholding and foreign taxes	(2.3)	(2.9)	–	–	(2.4)	(3.1)
Normal tax rate	28.0	28.0	28.0	28.0	28.0	28.0

In addition to the income tax expense charged to profit or loss, a deferred tax debit of R14.4 million (2013: R48.9 million credit) has been recognised in equity during the year.

Notes to the group financial statements continued

for the year ended 30 September 2014

27. Discontinued operations

	2014 R million	2013 R million
During May 2013 the directors of the group approved of a plan to dispose of the Cartons and Labels business. On 13 September 2013 the group entered into a sale agreement to this effect and completed the transaction by 1 August 2014, the effective date of the disposal. The disposal is consistent with the group's strategy of exiting its non-core and underperforming businesses.		
Results of the discontinued operations for the year		
Revenue*	956.7	1 080.7
Expenses	(978.6)	(1 202.7)
Loss before tax	(21.9)	(122.0)
Attributable income tax benefit	6.1	34.1
	(15.8)	(87.9)
Loss on disposal of operations	(33.7)	–
Attributable income tax benefit	17.4	–
	(16.3)	–
Loss for the year from discontinued operations	(32.1)	(87.9)
Cash flows from discontinued operations		
Net cash flows from operating activities	(65.5)	(7.0)
Net cash flows from investing activities	(0.1)	2.9
Net cash flows	(65.6)	(4.1)

The Cartons and Labels business was classified and accounted for at 30 September as a disposal group held for sale (see note 13).

* Includes internal revenue (sales to other divisions within the group).

Notes to the group financial statements continued

for the year ended 30 September 2014

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28. Business combinations

	2014 R million	2013 R million
28.1 Subsidiaries		
In line with the group's strategy to grow its core businesses, the group acquired with effect from 1 March 2014 the entire equity of Alucan Investments Ltd (AIL) for an amount of R3 508.0 million paid in cash. The sole investment of this group is Alucan Packaging Ltd, a beverage can manufacturing operation in Nigeria.		
Assets acquired and liabilities recognised at the date of acquisition		
<i>Current assets</i>		
Inventories	130.6	—
Trade and other receivables	108.4	—
Cash	43.2	—
<i>Non-current assets</i>		
Property, plant and equipment	807.6	—
Deferred tax	29.5	—
<i>Current liabilities</i>		
Trade and other payables	(88.2)	—
	1 031.1	—
Goodwill arising on acquisition		
Consideration transferred	3 508.0	—
Less: fair value of identifiable net assets acquired	(1 031.1)	—
Goodwill arising on acquisition	2 476.9	—
Cash flow impact of the acquisition		
Consideration paid in cash	3 508.0	—
Cash balances acquired	(43.2)	—
Net cash outflow on acquisition	3 464.8	—

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 R242.9 million and R32.7 million respectively, which is attributable to the interest acquired in AIL.

Information on net revenue and profit after tax for AIL is not available prior to 1 March 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

28. Business combinations continued

	2014 R million	2013 R million
28.2 Other interests		
In order to gain outright control over the operations of Bullpak Ltd (Bullpak), formerly jointly controlled, the group acquired with effect from 1 September 2014 the remaining 51% interest in this business from Unga Ltd for an amount of R42.0 million paid in cash.		
During the prior year the group acquired with effect from 1 November 2012, the remaining 50% interest in Elopak (Pty) Ltd (Elopak) from Elopak AS for an amount of R116.2 million paid in cash.		
Assets acquired and liabilities recognised at the date of acquisition		
<i>Current assets</i>		
Inventories	14.2	27.0
Trade and other receivables	25.8	41.6
Cash	15.7	11.6
<i>Non-current assets</i>		
Property, plant and equipment	6.9	46.4
Intangible assets	–	43.9
Retirement benefit asset	0.3	–
Non-current receivables	–	4.6
<i>Current liabilities</i>		
Trade and other payables	(19.2)	(15.7)
<i>Non-current liabilities</i>		
Deferred tax	(1.3)	(20.1)
	42.4	139.3
Goodwill arising on acquisition		
Consideration transferred	42.0	116.2
Plus: fair value of previously held interest	30.2	77.0
Less: fair value of identifiable net assets acquired	(42.4)	(139.3)
Goodwill arising on acquisition	29.8	53.9
Cash flow impact of the acquisitions		
Consideration paid in cash	42.0	116.2
Cash balances acquired	(15.7)	(11.6)
Net cash outflow on acquisition	26.3	104.6

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 R6.5 million and R0.5 million respectively, which is attributable to the interest acquired in Bullpak.

Had Bullpak been acquired with effect from 1 October 2013, the net revenue of the group from continuing operations would have been R20 044.0 million, while the profit after tax would have been R1 241.3 million.

Notes to the group financial statements continued

for the year ended 30 September 2014

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29. Reconsolidation of Zimbabwe entities

	2014 R million	2013 R million
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). In addition, the holding company of Megapak Zim, Megaplastics Ltd, being a wholly owned subsidiary, was also reconsolidated effective 1 October 2012. 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 was believed that these circumstances no longer existed or their impact had been reduced significantly such that reconsolidating these entities reflected 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 and liabilities of the subsidiaries recognised at the date of their reconsolidation		
<i>Current assets</i>		
Inventories	—	29.6
Trade and other receivables	—	21.8
Cash	—	6.0
<i>Non-current assets</i>		
Property, plant and equipment	—	39.1
<i>Current liabilities</i>		
Trade and other payables	—	(69.9)
<i>Non-current liabilities</i>		
Loans	—	(11.1)
Deferred tax	—	(2.5)
	—	13.0

The gain on the reconsolidation of the Zimbabwe entities 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.

Notes to the group financial statements continued

for the year ended 30 September 2014

30. Dividends and cash distributions

	2014 R million	2013 R million
Dividends paid		
Final dividend No 83 paid on 20 January 2014: 98.0 cents per share (2013: No 81 – 89.0 cents per share)	686.4	620.5
Interim dividend No 84 paid on 7 July 2014: gross amount of 46.0 cents per share (2013: No 82 – 42.0 cents per share)	322.3	292.9
Dividend attributable to treasury shares	(104.4)	(94.9)
	904.3	818.5
Other dividends	0.1	0.6
Total dividends paid	904.4	819.1

On 20 November 2014 the directors declared a gross dividend No 85 of 107.0 cents per share payable on 19 January 2015 to shareholders registered on the record date, being 16 January 2015.

	2014 Cents	2013 Cents
Analysis of dividends declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	46.0	42.0
Final	107.0	98.0
	153.0	140.0

6.5% and 6% cumulative preference dividends

Preference dividends totalling R0.1 million (2013: R0.1 million) were declared on 21 November 2013 and 23 June 2014, and paid on 27 January 2014 and 28 July 2014 respectively.

Notes to the group financial statements continued

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31. Basic, fully diluted and headline earnings per ordinary share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

	Continuing operations		Discontinued operations		Total	
	2014	2013	2014	2013	2014	2013
	R million	R million	R million	R million	R million	R million
Determination of basic earnings						
Profit attributable to equity holders of the company for the period	1 201.5	1 382.9	(32.1)	(87.9)	1 169.4	1 295.0
Less: preference dividend	(0.1)	(0.1)	–	–	(0.1)	(0.1)
Basic earnings	1 201.4	1 382.8	(32.1)	(87.9)	1 169.3	1 294.9
Weighted average number of shares in issue ('000)	627 728	624 921	627 728	624 921	627 728	624 921
Earnings per share	191.4	221.3	(5.1)	(14.1)	186.3	207.2
Diluted earnings per share						
The diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.						
Earnings are adjusted by the dividend paid to preference share funders.						
Diluted basic earnings*	1 201.4	1 382.8	(32.1)	(87.9)	1 169.3	1 294.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	649 808	647 215	649 808	647 215	649 808	647 215
Weighted average number of ordinary shares for the purpose of basic earnings per share	627 728	624 921	627 728	624 921	627 728	624 921
Effect of dilutive potential ordinary shares:						
Ordinary shares issued to Black Management Trust	13 372	9 524	13 372	9 524	13 372	9 524
Other share incentive plans	8 708	12 770	8 708	12 770	8 708	12 770
Diluted earnings per share	184.8	213.7	(4.9)	(13.6)	179.9	200.1

*No dilution of basic earnings.

Notes to the group financial statements continued

for the year ended 30 September 2014

31. Basic, fully diluted and headline earnings per ordinary share continued

	Continuing operations		Discontinued operations		Total	
	2014 R million	2013 R million	2014 R million	2013 R million	2014 R million	2013 R million
Headline earnings per share						
Determination of headline earnings						
Basic earnings	1 201.4	1 382.8	(32.1)	(87.9)	1 169.3	1 294.9
Adjusted for:						
Net impairment losses on goodwill, plant, equipment, intangible assets and investments	431.5	61.3	–	55.0	431.5	116.3
Net loss on disposal of businesses and other investments	–	0.1	33.7	–	33.7	0.1
Gain on revaluation of original interest in business acquired	(9.4)	(23.2)	–	–	(9.4)	(23.2)
Gain on reconsolidation of Zimbabwe entities	–	(87.8)	–	–	–	(87.8)
Net profit on disposal of property, plant, equipment and intangible assets	(18.9)	(24.7)	0.8	(0.5)	(18.1)	(25.2)
Tax effects and outside shareholder's interest	(116.3)	(10.4)	(17.7)	(15.3)	(134.0)	(25.7)
Headline earnings	1 488.3	1 298.1	(15.3)	(48.7)	1 473.0	1 249.4
Weighted average number of shares in issue ('000)	627 728	624 921	627 728	624 921	627 728	624 921
Headline earnings per share (cents)	237.1	207.7	(2.4)	(7.8)	234.7	199.9
Diluted headline earnings per share						
Diluted headline earnings*	1 488.3	1 298.1	(15.3)	(48.7)	1 473.0	1 249.4
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	649 808	647 215	649 808	647 215	649 808	647 215
Diluted headline earnings per share (cents)	229.1	200.5	(2.4)	(7.5)	226.7	193.0

*No dilution of headline earnings.

	2014 R million	2013 R million
32. 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		
2014	–	105.1
2015	95.9	73.1
2016	81.1	61.4
2017	56.4	45.0
2018	23.6	26.9
2019 and beyond	17.9	–
Total	274.9	311.5
Comprising:		
Land and buildings	206.2	244.9
Vehicles	28.1	20.5
Other	40.6	46.1
	274.9	311.5

Notes to the group financial statements continued

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33. Contingent liabilities

	2014 R million	2013 R million
Guarantees in respect of property leases	3.3	3.9
Customer claims and other		
– Glass	32.1	1.0
– Other	3.2	2.0
Tax contingent liability	–	3.2
Total	38.6	10.1

The contingent liability relating to the Glass division relates to a 10% final payment for the Furnace 3 project. This was in terms of the original contractual agreement but the likelihood and timing of settlement has not been determined.

34. Capital commitments

Capital commitments for the acquisition of property, plant and equipment		
– contracted	623.2	1 113.3
– approved	1 394.7	1 266.0
Total	2 017.9	2 379.3

35. Subsequent events

The group acquired a majority stake in Hunyani Holdings Ltd to be renamed Nampak Zimbabwe Ltd through the consolidation of the entities Hunyani Holdings Ltd, CarnaudMetalbox Zimbabwe Ltd and MegaPak Zimbabwe (Pvt) Ltd. The completion of the transaction is expected in the first quarter of the 2015 financial year.

Subsequent to year-end certain tax issues have been resolved. This will have a favourable impact on future tax charges.

Nampak announced the disposal of the paper businesses Nampak Corrugated, Nampak Tissue and Nampak Sacks, on 20 November 2014 for R1.6 billion. There are conditions precedent and it is expected that the transaction will be concluded in the second half of the 2015 financial year.

36. Related party transactions

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 B.

Material related party transactions were as follows:

Sales and services rendered to related parties:

Associates	64.5	63.6
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Purchases and services received from related parties:

Contributions to the Nampak Medical Aid Society in respect of current employees	–	1.2
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Interest received from related parties:

Joint ventures	23.2	13.8
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Amounts owing (after eliminating inter-company balances) by related parties are disclosed in the respective notes to the financial statements for those items.

Amounts receivable from related parties:

Loans to associates	7.3	8.6
Loans to joint ventures	195.6	122.4
	202.9	131.0

Key members

Key members are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly (executive or otherwise). Key members have been defined as the board of directors of the holding company and the group executive committee.

Notes to the group financial statements continued

for the year ended 30 September 2014

36. Related party transactions continued

A number of key members 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 member	Entity	Position in entity
RC Andersen	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Ltd Performance Share Trust	Trustee
	Nampak Ltd Share Appreciation Trust	Trustee
RJ Khoza	Nedbank Group Ltd	Non-executive chairman
	Aka Capital (Pty) Ltd	Executive chairman
CWN Molepe	Red Coral Investments 23 (Pty) Ltd	Shareholder
PM Surgey	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Ltd Performance Share Trust	Trustee
	Nampak Ltd Share Appreciation Trust	Trustee
FV Tshiqi	Nampak Group Pension Fund	Employer trustee
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:

Certain non-executive directors of the group are also non-executive directors of other public companies which may transact with the group. Executive directors or the chairpersons of such companies are assumed to have significant influence. 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 directors and other members of key management during the year was as follows:

	2014 R million	2013 R million
Short-term employee benefits	52.8	32.8
Post-employment benefits	0.8	0.4
Termination benefits	0.6	1.2
Share-based payments	11.2	13.8
	65.4	48.2

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 120.

Notes to the group financial statements continued

for the year ended 30 September 2014

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37. Notes to the cash flow statements

	2014 R million	2013 R million
37.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	1 254.6	1 622.1
Continuing operations	1 310.2	1 744.1
Discontinued operations	(55.6)	(122.0)
Adjustment for:		
Depreciation and amortisation	814.2	764.5
Net loss/(profit) on disposal of businesses, property, plant, equipment and intangible assets	15.6	(25.1)
Financial instruments fair value adjustment	13.6	(17.9)
Income from investments	(7.2)	(5.4)
Gain on revaluation of original interests in joint ventures acquired	(9.4)	(23.2)
Gain on reconsolidation of Zimbabwe entities	–	(87.8)
Net defined benefit plan expense	75.9	134.3
Impairment losses	431.5	122.1
Reversal of impairment losses	–	(5.8)
Share of net profit in associates	(27.3)	(18.6)
Share of net losses in joint ventures	11.8	2.9
Share-based payments expense	23.8	26.9
Net finance costs	332.1	198.1
Operating profit before working capital changes	2 929.2	2 687.1
(Increase)/decrease in inventories	(72.8)	56.6
Increase in trade receivables and other current assets	(309.4)	(288.7)
Increase in trade payables and other current liabilities	193.1	29.1
Cash generated from operations	2 740.1	2 484.1
37.2 Disposal of businesses		
During the year the group disposed of the Cartons and Labels business effective 1 August 2014. The disposal was treated as a discontinued operation (note 27).		
The fair values of assets and liabilities disposed of were as follows:		
<i>Current assets</i>		
Inventory	243.1	–
Trade and other receivables	215.2	–
<i>Non-current assets</i>		
Property, plant and equipment	159.4	–
<i>Current liabilities</i>		
Trade and other payables	(216.1)	–
<i>Non-current liabilities</i>		
Post-retirement benefit liability	(35.3)	–
Net assets disposed	366.3	–
Loss on disposal of businesses	(33.7)	–
Total disposal consideration	332.6	–
Less: deferred sales proceeds	(24.3)	–
Net inflow on disposal	308.3	–
37.3 (Net overdraft)/cash and cash equivalents		
(Net overdraft)/cash and cash equivalents included in the cash flow statement comprise the following amounts on the statement of financial position:		
Bank balances, cash and deposits	1 127.5	4 421.4
Bank overdraft (note 1.5)	(1 808.5)	(1 808.2)
	(681.0)	2 613.2

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers

In terms of total guaranteed packages, plus cash incentives for 2014, this detail is set out in the table below.

Table 1 (a)
Executive directors' and group executive committee members' total remuneration for 2014

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 6	Incentive bonus (rand) note 7	Total remuneration	Gain during the year in respect of all long-term incentive plans (rand)	Total emoluments (rand)
Columns	1	2	3	4=1+2+3	5	6	7=4+5+6	8	9=7+8
Executive directors									
AM de Ruyter ²	4 280 240	–	369 760	4 650 000	1 011 723	5 570 700	11 232 423	–	11 232 423
G Griffiths	2 621 630	888 242	227 334	3 737 206	7 532	3 632 429	7 377 167	10 683 839	18 061 006
AB Marshall ³	2 076 979	901 711	179 399	3 158 089	507 324	–	3 665 413	9 357 408	13 022 821
FV Tshiqi	2 352 222	–	199 975	2 552 197	6 784	2 369 460	4 928 441	9 435 553	14 363 994
Total	11 331 071	1 789 953	976 468	14 097 492	1 533 363	11 572 589	27 203 444	29 476 800	56 680 244
Group executive committee									
CH Bromley ⁴	905 857	–	77 036	982 893	80 843	–	1 063 736	–	1 063 736
C Burmeister ⁵	1 106 550	–	93 450	1 200 000	3 025	991 200	2 194 225	825 967	3 020 192
PA de Weerd	2 716 570	–	232 108	2 948 678	7 784	1 935 512	4 891 974	9 599 273	14 491 247
RG Morris	2 717 898	–	230 780	2 948 678	7 784	2 300 706	5 257 168	9 599 273	14 856 441
SE Msane	2 457 566	–	209 306	2 666 872	7 073	1 787 871	4 461 816	4 433 615	8 895 431
NP O'Brien	2 127 847	–	179 618	2 307 465	6 167	1 961 345	4 274 977	4 257 207	8 532 184
EE Smuts ⁵	1 254 282	–	105 718	1 360 000	3 429	1 090 394	2 453 823	980 683	3 434 506
Total	13 286 570	–	1 128 016	14 414 586	116 105	10 067 028	24 597 719	29 696 018	54 293 737

Note 1: For the purposes of total remuneration, offshore payments have been converted into rand using the average exchange rate of £1:R17.5379.

Note 2: Appointed with effect from 1 January 2014. Received a once-off cash sign-on bonus paid on 2 January 2014.

Note 3: Retired with effect 31 March 2014. Received leave pay to the value of R485 567 on termination and a farewell gift valued at R16 667.

Note 4: Resigned with effect from 31 January 2014. Received leave pay to the value of R78 015 on termination.

Note 5: Appointed to the group executive committee with effect from 1 April 2014. Earnings related to the period prior to appointment as prescribed officer are not included.

Note 6: Unless specifically noted above, other benefits refers to group personal accident cover.

Note 7: Disclosed amounts are based on performance during the 2014 financial year, but actual STI payments will only be made in December 2014.

Note 8: Long-term incentive plans relate to the Share Appreciation Plan (SAP) and Performance Share Plan (PSP). Awards were effected in December 2011, with the applicable performance period ending 30 September 2014 and the employment period ending 31 December 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

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38. Remuneration of directors and prescribed officers continued

Table 1 (b)

Executive directors' and group executive committee members' total remuneration for 2013

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)	Gain during the year in respect of all long-term incentive plans (rand)	Total emoluments (rand)
Columns	1	2	3	4=1+2+3	5	6	7=4+5+6	8	9=7+8
Executive directors									
G Griffiths	2 467 442	712 325	220 260	3 400 027	–	984 959	4 384 986	1 909 014	6 294 000
AB Marshall	3 918 283	1 446 250	339 033	5 703 566	–	2 168 384	7 871 950	7 123 163	14 995 113
FV Tshiqi	2 219 002	–	188 731	2 407 733	3 000	642 075	3 052 808	1 822 830	4 875 638
Total	8 604 727	2 158 575	748 024	11 511 326	3 000	3 795 418	15 309 744	10 855 007	26 164 751
Group executive committee									
CH Bromley	2 563 422	–	218 350	2 781 772	–	946 508	3 728 280	2 939 386	6 667 666
PA de Weerd	2 562 131	–	219 641	2 781 772	–	1 466 114	4 247 886	1 674 486	5 922 372
RG Morris	2 563 422	–	218 350	2 781 772	–	701 961	3 483 733	1 674 486	5 158 219
SE Msane	2 339 809	–	200 069	2 539 878	–	275 657	2 815 535	1 270 128	4 085 663
ZK Nzimande	836 450	–	70 650	907 100	1 161 104	–	2 068 204	730 511	2 798 715
NP O'Brien	2 007 087	–	169 767	2 176 854	–	511 929	2 688 783	1 509 815	4 198 598
Total	12 872 321	–	1 096 827	13 969 148	1 161 104	3 902 169	19 032 421	9 798 812	28 831 233

Note 1: For the purposes of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1:R14.4864.

Note 2: 1.5-year long-service award paid to FV Tshiqi and ZK Nzimande terminated employment with effect from February 2013.

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

The following tables illustrate on an individual executive director and GEC member level the value of long-term incentives allocated, settled, forfeited and the current value of units not settled under each share plan.

Table 2
Share Appreciation Plan 2014

Name	Award date	Market value at award date	Number of share appreciation rights awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of rights capable of being exercised	Number of rights exercised	Exercise date	Market value on exercise date	Gain on rights exercised	Balance of rights not exercised	Lapse date
Executive directors											
AM de Ruyter ¹	02/01/2014	41.07	121 132	–	–	–	–	–	–	–	02/01/2021
G Griffiths	03/12/2013	37.81	59 720	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	66 195	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	115 640	–	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	91 000	–	91 000	91 000	17/12/2013	39.19	1 473 270	–	14/12/2017
	04/12/2009	16.16	117 269	–	117 269	39 090	03/12/2012	30.40	556 624	–	–
	–	–	–	–	–	39 090	03/12/2013	34.95	734 474	39 089	04/12/2019
AB Marshall ²	03/12/2012	30.67	122 158	(71 259)	–	–	–	–	–	–	03/06/2016
	05/12/2011	22.95	106 703	(26 676)	–	–	–	–	–	–	03/06/2015
	14/12/2010	23.00	210 000	–	210 000	210 000	17/12/2013	39.19	3 399 889	–	14/12/2017
	04/12/2009	16.16	148 841	–	148 841	49 614	03/12/2012	30.40	706 496	–	–
	–	–	–	–	–	49 614	03/12/2013	34.95	932 221	49 613	03/06/2015
FV Tshiqi	03/12/2013	37.81	38 406	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	42 570	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	140 578	–	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	40 000	–	40 000	40 000	17/12/2013	39.19	647 576	–	14/12/2017
	04/12/2009	16.16	49 138	–	49 138	16 379	03/12/2012	30.40	233 229	–	–
	–	–	–	–	–	16 379	03/12/2013	34.95	307 735	16 380	04/12/2019

Note 1: Appointed with effect from 1 January 2014.

Note 2: Retired with effect from 31 March 2014.

Notes to the group financial statements continued

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for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

Table 2 continued
Share Appreciation Plan 2014 continued

Name	Award date	Market value at award date	Number of share appreciation rights awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of rights capable of being exercised	Number of rights exercised	Exercise date	Market value on exercise date	Gain on rights exercised	Balance of rights not exercised	Lapse date
Group executive committee											
CH Bromley ³	03/12/2012	30.67	42 570	(42 570)	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	140 578	(140 578)	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	40 000	–	40 000	40 000	17/12/2013	39.19	647 576	–	14/12/2017
	04/12/2009	16.16	49 138	–	49 138	16 379	03/12/2012	30.40	233 229	–	–
	–	–	–	(16 380)	–	16 379	03/12/2013	34.95	307 735	–	04/12/2019
PA de Weerd	03/12/2013	37.81	38 406	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	42 570	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	140 578	–	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	40 000	–	40 000	40 000	17/12/2013	39.19	647 576	–	14/12/2017
	04/12/2009	16.16	49 138	–	49 138	16 379	03/12/2012	30.40	233 229	–	–
RG Morris	–	–	–	–	–	16 379	03/12/2013	34.95	307 735	16 380	04/12/2019
	03/12/2013	37.81	38 406	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	42 570	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	140 578	–	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	40 000	–	40 000	40 000	17/12/2013	39.19	647 576	–	14/12/2017
SE Msane	04/12/2009	16.16	49 138	–	49 138	16 379	03/12/2012	30.40	233 229	–	–
	–	–	–	–	–	16 379	03/12/2013	34.95	307 735	16 380	04/12/2019
	03/12/2013	37.81	24 296	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	35 166	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	63 052	–	–	–	–	–	–	–	05/12/2018
NP O'Brien	14/12/2010	23.00	27 000	–	27 000	27 000	17/12/2013	39.19	437 125	–	14/12/2017
	04/12/2009	16.16	42 505	–	42 505	14 168	03/12/2012	30.40	201 734	–	–
	–	–	–	–	–	14 168	03/12/2013	34.95	266 214	14 169	04/12/2019
	15/06/2006	17.07	61 000	(30 500)	30 500	10 167	29/07/2009	–	–	–	–
	–	–	–	–	–	10 167	29/07/2010	–	–	–	–
NP O'Brien	–	–	–	–	–	10 166	29/07/2011	35.95	575 949	–	15/06/2016
	03/12/2013	37.81	32 395	–	–	–	–	–	–	–	03/12/2020
	03/12/2012	30.67	35 166	–	–	–	–	–	–	–	03/12/2019
	05/12/2011	22.95	63 052	–	–	–	–	–	–	–	05/12/2018
	14/12/2010	23.00	27 000	–	27 000	27 000	17/12/2013	39.19	437 125	–	14/12/2017
NP O'Brien	04/12/2009	16.16	42 505	–	42 505	14 168	03/12/2012	30.40	201 734	–	–
	–	–	–	–	–	14 168	03/12/2013	34.95	266 214	14 169	04/12/2019

³ Resigned with effect from 31 January 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

Table 3
Performance Share Plan 2014

Name	Award date	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Release date	Market value on release date	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
Executive directors											
AM de Ruyter ¹	02/01/2014	128 300	–	–	–	–	–	–	–	–	–
G Griffiths	03/12/2013	118 120	–	–	–	–	–	–	–	–	–
	03/12/2012	120 001	–	–	–	–	–	–	–	–	–
	05/12/2011	210 228	–	–	–	–	–	–	–	–	–
	14/12/2010	119 000	–	119 000	39 666	17/12/2013	39.19	1 554 511	133 834	1 688 344	79 334
	04/12/2009	118 811	–	118 811	39 604	03/12/2012	30.40	1 203 962	91 656	1 295 618	–
	–	–	–	–	39 604	03/12/2013	34.95	1 384 160	143 540	1 527 699	39 603
AB Marshall ²	03/12/2013	62 680	(57 457)	–	–	–	–	–	–	–	–
	03/12/2012	246 832	(143 986)	–	–	–	–	–	–	–	–
	05/12/2011	257 954	(64 489)	–	–	–	–	–	–	–	–
	14/12/2010	202 500	–	202 500	67 500	17/12/2013	39.19	2 645 325	227 838	2 873 163	135 000
	03/02/2010	150 000	(2 250)	147 750	49 250	01/02/2013	31.34	1 543 495	157 828	1 701 323	–
	–	–	–	–	49 250	03/02/2014	34.77	1 712 423	226 770	1 939 192	49 250
	04/12/2009	251 331	–	251 331	83 777	03/12/2012	30.40	2 546 821	193 922	2 740 742	–
	–	–	–	–	83 777	03/12/2013	34.95	2 928 006	303 681	3 231 687	83 777
	02/03/2009	338 826	(234 214)	104 612	34 870	01/03/2012	23.08	804 800	81 241	886 041	–
	–	–	–	–	34 870	01/03/2013	31.90	1 112 353	126 420	1 238 773	–
	–	–	–	–	34 872	03/03/2014	36.78	1 282 515	175 209	1 457 724	–
FV Tshiqi	03/12/2013	62 458	–	–	–	–	–	–	–	–	–
	03/12/2012	63 816	–	–	–	–	–	–	–	–	–
	05/12/2011	168 775	–	–	–	–	–	–	–	–	–
	14/12/2010	76 200	–	76 200	25 400	17/12/2013	39.19	995 426	85 704	1 081 130	50 800
	04/12/2009	44 806	–	44 806	14 935	03/12/2012	30.40	454 024	34 565	488 589	–
	–	–	–	–	14 935	03/12/2013	34.95	521 978	54 138	576 116	14 936
	10/12/2008	73 607	(50 881)	22 726	7 575	09/12/2011	21.93	166 120	12 040	178 159	–
	–	–	–	–	7 575	07/12/2012	30.67	232 325	20 702	253 028	–
	–	–	–	–	7 576	09/12/2013	35.74	270 766	30 629	301 395	–

Note 1: Appointed with effect from 1 January 2014.

Note 2: Retired with effect from 31 March 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

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38. Remuneration of directors and prescribed officers continued

Table 3 continued

Performance Share Plan 2014 continued

Name	Award date	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Release date	Market value on release date	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
Group executive committee											
CH Bromley ³	03/12/2012	68 426	(68 426)	–	–	–	–	–	–	–	–
	05/12/2011	172 775	(172 775)	–	–	–	–	–	–	–	–
	14/12/2010	80 000	(53 333)	26 667	26 667	17/12/2013	39.19	1 045 080	89 980	1 135 060	–
	04/12/2009	44 806	–	44 806	14 935	03/12/2012	30.40	454 024	34 565	488 589	–
	–	–	(14 936)	–	14 935	03/12/2013	34.95	521 978	54 138	576 116	–
	10/12/2008	141 712	(97 959)	43 753	14 584	09/12/2011	21.93	319 827	23 180	343 007	–
	–	–	–	–	14 584	07/12/2012	30.67	447 291	39 871	487 162	–
	–	–	–	–	14 585	09/12/2013	35.74	521 268	58 971	580 239	–
	–	–	–	–	–	–	–	–	–	–	–
PA de Weerd	03/12/2013	66 858	–	–	–	–	–	–	–	–	–
	03/12/2012	68 426	–	–	–	–	–	–	–	–	–
	05/12/2011	172 775	–	–	–	–	–	–	–	–	–
	14/12/2010	80 000	–	80 000	26 667	17/12/2013	39.19	1 045 080	89 980	1 135 060	53 333
	04/12/2009	44 806	–	44 806	14 935	03/12/2012	30.40	454 024	34 565	488 589	–
	–	–	–	–	14 935	03/12/2013	34.95	521 978	54 138	576 116	14 936
	10/12/2008	141 712	(97 959)	43 753	14 584	09/12/2011	21.93	319 827	23 180	343 007	–
	–	–	–	–	14 584	07/12/2012	30.67	447 291	39 871	487 162	–
	–	–	–	–	14 585	09/12/2013	35.74	521 268	58 971	580 239	–

³ Resigned with effect from 31 January 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

Table 3 continued

Performance Share Plan 2014 continued

Name	Award date	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Release date	Market value on release date	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
Group executive committee continued											
RG Morris	03/12/2013	66 858	–	–	–	–	–	–	–	–	–
	03/12/2012	68 426	–	–	–	–	–	–	–	–	–
	05/12/2011	172 775	–	–	–	–	–	–	–	–	–
	14/12/2010	80 000	–	80 000	26 667	17/12/2013	39.19	1 045 080	89 980	1 135 060	53 333
	04/12/2009	44 806	–	44 806	14 935	03/12/2012	30.40	454 024	34 565	488 589	–
	–	–	–	–	14 935	03/12/2013	34.95	521 978	54 138	576 116	14 936
	10/12/2008	141 712	(97 959)	43 753	14 584	09/12/2011	21.93	319 827	23 180	343 007	–
	–	–	–	–	14 584	07/12/2012	30.67	447 291	39 871	487 162	–
	–	–	–	–	14 585	09/12/2013	35.74	521 268	58 971	580 239	–
	–	–	–	–	–	–	–	–	–	–	–
SE Msane	03/12/2013	41 614	–	–	–	–	–	–	–	–	–
	03/12/2012	54 824	–	–	–	–	–	–	–	–	–
	05/12/2011	80 624	–	–	–	–	–	–	–	–	–
	14/12/2010	68 500	–	68 500	22 833	17/12/2013	39.19	894 825	77 048	971 873	45 667
	04/12/2009	32 298	–	32 298	10 766	03/12/2012	30.40	327 286	24 898	352 184	–
	–	–	–	–	10 766	03/12/2013	34.95	376 272	39 004	415 276	10 766
	10/12/2008	94 419	(65 268)	29 151	9 717	09/12/2011	21.93	213 094	15 439	228 533	–
	–	–	–	–	9 717	07/12/2012	30.67	298 020	26 560	324 581	–
	–	–	–	–	9 717	09/12/2013	35.74	347 286	39 278	386 564	–
	–	–	–	–	–	–	–	–	–	–	–
NP O'Brien	03/12/2013	49 608	–	–	–	–	–	–	–	–	–
	03/12/2012	50 334	–	–	–	–	–	–	–	–	–
	05/12/2011	76 314	–	–	–	–	–	–	–	–	–
	14/12/2010	64 500	–	64 500	21 500	17/12/2013	39.19	842 585	72 541	915 126	43 000
	04/12/2009	32 298	–	32 298	10 766	03/12/2012	30.40	327 286	24 898	352 184	–
	–	–	–	–	10 766	03/12/2013	34.95	376 272	39 004	415 276	10 766
	10/12/2008	73 607	(50 881)	22 726	7 575	09/12/2011	21.93	166 120	12 040	178 159	–
	–	–	–	–	7 575	07/12/2012	30.67	232 325	20 702	253 028	–
	–	–	–	–	7 576	09/12/2013	35.74	270 766	30 629	301 395	–
	–	–	–	–	–	–	–	–	–	–	–

Notes to the group financial statements continued

for the year ended 30 September 2014

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38. Remuneration of directors and prescribed officers continued

Table 4
Deferred Bonus Plan 2014

Name	Grant date	Number of shares purchased	Movements (forfeited or withdrawn as a result of termination of employment)	Market value at grant date	Matching award release date	Matching award – number of shares released	Market value at award date (rand)	Gain on matching award (rand)	Value invested in Nampak share at 30 September 2014 at R40.93 per share (rand)
Executive directors									
G Griffiths	18/12/2013	6 734	–	39.49	18/12/2016	–	–	–	2 974 015
	14/12/2012	27 917	–	32.38	14/12/2015	–	–	–	–
	15/12/2011	38 010	–	22.65	15/12/2014	–	–	–	–
	15/12/2010	34 618	–	22.72	15/12/2013	34 618	39.19	1 356 679	–
AB Marshall ¹	14/12/2012	58 561	(34 161)	32.38	14/12/2015	–	–	–	3 430 425
	15/12/2011	79 216	(19 804)	22.65	15/12/2014	–	–	–	–
	15/12/2010	72 913	–	22.72	15/12/2013	72 913	39.19	2 857 460	–
FV Tshiqi	14/12/2012	18 104	–	32.38	14/12/2015	–	–	–	1 746 974
	15/12/2011	24 578	–	22.65	15/12/2014	–	–	–	–
	15/12/2010	13 137	–	22.72	15/12/2013	13 137	39.19	514 839	–
Group executive committee									
CH Bromley ²	14/12/2012	18 431	(18 431)	32.38	–	–	–	–	–
	15/12/2011	17 355	(17 355)	22.65	–	–	–	–	–
	15/12/2010	14 637	–	22.72	15/12/2013	14 637	39.19	573 624	–
PA de Weerd	18/12/2013	8 910	–	39.49	18/12/2016	–	–	–	2 163 969
	14/12/2012	18 646	–	32.38	14/12/2015	–	–	–	–
	15/12/2011	25 314	–	22.65	15/12/2014	–	–	–	–
	15/12/2010	14 708	–	22.72	15/12/2013	14 708	39.19	576 407	–
RG Morris	18/12/2013	4 266	–	39.49	18/12/2016	–	–	–	1 050 223
	14/12/2012	12 908	–	32.38	14/12/2015	–	–	–	–
	15/12/2011	8 485	–	22.65	15/12/2014	–	–	–	–
	15/12/2010	19 180	–	22.72	15/12/2013	19 180	39.19	751 664	–
SE Msane	15/12/2011	6 622	–	22.65	15/12/2014	–	–	–	271 038
	15/12/2010	10 947	–	22.72	15/12/2013	10 947	39.19	429 013	–
NP O'Brien	18/12/2013	3 111	–	39.49	18/12/2016	–	–	–	1 361 536
	14/12/2012	12 982	–	32.38	14/12/2015	–	–	–	–
	15/12/2011	17 172	–	22.65	15/12/2014	–	–	–	–
	15/12/2010	15 540	–	22.72	15/12/2013	15 540	39.19	609 013	–

Note 1: Retired with effect from 31 March 2014.

Note 2: Resigned with effect from 31 January 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

Table 5

Black Management Trust 2014

The interest held by each of the participants is shown below:

Name	Number of awards granted	Founding grant price (rand)
FV Tshiqi	982 579	15.13
SE Msane	725 000	15.13

Table 6

The Nampak 1985 Share Option Scheme

As explained in the remuneration policy, the legacy option scheme is no longer used to make awards. The balance of share options held by directors and GEC members were exercised during the year.

Name	Date of grant	Issue price (rand)	Number of options held at 30 September 2013	Number of options exercised	Market value at exercise date (rand)	Exercise date	Gain on options exercised (rand)	Number of options held at 30 September 2014	Lapse date
Group executive committee									
CH Bromley ¹	01/12/2004	14.95	85 000	85 000	38.47	12/12/2013	1 999 250	–	01/12/2014
RG Morris	01/12/2004	14.95	90 000	90 000	35.29	25/11/2013	1 830 357	–	01/12/2014
NP O'Brien	01/12/2004	14.95	50 000	50 000	35.50	25/11/2013	1 027 500	–	01/12/2014

Note 1: Resigned with effect from 31 January 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

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38. Remuneration of directors and prescribed officers continued

Table 7 (a)

Non-executive directors' remuneration for 2014

The non-executive remuneration paid during the year under review (as approved by shareholders) and the comparative figures for 2013 are disclosed below. An increase of 6.5% will be proposed for 2015 and the proposals are set out in the notice of the annual general meeting.

Name	Directors' fees (rand)		Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Investment committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social ethics and transformation committee fees (rand)	Total (rand)
	Base fee	Meeting fees							
RC Andersen	146 280	107 590	121 900	87 700	68 900	137 137	–	–	669 507
E Ikazoboh ⁶	146 280	76 850	–	–	–	48 469	–	–	271 599
RJ Khoza	146 280	107 590	–	–	68 900	–	–	–	322 770
NV Lila ⁵	85 736	61 480	54 892	–	–	–	–	–	202 108
PM Madi	146 280	92 220	–	–	–	63 920	80 280	157 410	540 110
VN Magwentshu ³	51 604	30 740	42 169	–	–	–	–	23 086	147 599
TT Mboweni ¹	1 484 000	–	–	–	–	–	–	–	1 484 000
IN Mkhari ⁴	146 280	61 480	54 892	–	–	33 629	–	48 469	344 750
DC Moephuli ²	146 280	61 480	–	–	–	56 500	80 280	–	344 540
CWN Malope	146 280	92 220	107 590	–	–	–	157 410	–	503 500
RV Smither	146 280	107 590	227 900	–	–	71 340	80 280	–	633 390
PM Surgey	146 280	92 220	–	170 130	68 900	–	80 280	80 280	638 090
Total	2 937 860	891 460	609 343	257 830	206 700	410 995	478 530	309 245	6 101 963

Note 1: Fee includes participation in board sub-committee meetings.

Note 2: Fee donated to Agang Sechaba Trust.

Note 3: Resigned with effect from 6 February 2014.

Note 4: Appointed to the board with effect from 1 October 2013 and the sub-committees 27 March 2014.

Note 5: Appointed to the board with effect from 1 March 2014 and the sub-committees 27 March 2014.

Note 6: Appointed to the board with effect from 1 October 2013 and the sub-committees 27 March 2014.

Notes to the group financial statements continued

for the year ended 30 September 2014

38. Remuneration of directors and prescribed officers continued

Table 7 (b)

Non-executive directors' remuneration for 2013

Name	Directors' fees (rand)		Audit committee total fees (rand)	Investment committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social ethics and transformation committee fees (rand)	Total (rand)
	Base fee	Meeting fees							
RC Andersen ³	138 000	87 000	115 000	–	89 735	75 000	–	–	504 735
RJ Khoza ³	138 000	87 000	–	–	–	75 000	–	–	300 000
PM Madi ³	138 000	87 000	–	–	–	–	75 735	75 735	376 470
VN Magwentshu	138 000	87 000	101 500	–	–	–	–	–	326 500
TT Mboweni ¹	1 400 000	–	–	–	–	–	–	–	1 400 000
DC Moephuli ²	138 000	72 500	–	–	–	–	75 735	–	286 235
CWN Molope ³	138 000	72 500	115 000	–	–	–	148 500	–	474 000
RV Smither ³	138 000	72 500	215 000	–	–	–	68 735	–	494 235
PM Surgey ³	138 000	87 000	–	–	172 500	75 000	75 735	75 735	623 970
Total	2 504 000	652 500	546 500	–	262 235	225 000	444 440	151 470	4 786 145

Note 1: Fee includes participation in board sub-committee meetings.

Note 2: Fee donated to Agang Sechaba Trust.

Note 3: Minor timing discrepancies in payments.

Company statement of financial position

at 30 September 2014

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	Notes	2014 R million	Restated 2013 R million
ASSETS			
Non-current assets			
Investment in associate	1	3.0	3.0
Investment in subsidiaries	2	2 314.9	2 645.2
Other non-current financial assets	3	414.1	414.1
		2 732.0	3 062.3
Current assets			
Other receivables		3.7	3.7
Subsidiary companies	10	531.1	502.6
Bank balances, deposits and cash	4	1.1	0.9
		535.9	507.2
Total assets		3 267.9	3 569.5
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	36.1	36.0
Capital reserves	5	439.5	411.5
Retained earnings	5	2 779.8	2 747.9
		3 255.4	3 195.4
Current liabilities			
Other payables	6	6.5	7.5
Subsidiary companies	10	1.9	354.9
Tax liabilities		4.1	11.7
		12.5	374.1
Total equity and liabilities		3 267.9	3 569.5

Company statement of comprehensive income

for the year ended 30 September 2014

	Notes	2014 R million	Restated 2013 R million
Employee benefit expense		6.1	4.9
Other operating expenses		2.1	2.4
Other operating income		7.7	7.3
Operating loss		(0.5)	–
Income from investments	7	1 040.8	955.0
Profit before tax		1 040.3	955.0
Income tax (benefit)/expense	8	(0.4)	13.1
Total comprehensive income for the year		1 040.7	941.9

Company statement of changes in equity

for the year ended 30 September 2014

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	Notes	2014 R million	Restated 2013 R million
Opening balance		3 195.4	3 126.0
Net shares issued during the year		101.5	28.1
Share-based payment expense		23.7	26.9
Share grants exercised		(97.1)	(10.9)
Share grants forfeited after vesting date		–	(0.2)
Reversal of movement in associate's non-distributable reserves		–	(2.9)
Total comprehensive income for the period		1 040.7	941.9
Dividends paid		(1 008.8)	(913.5)
Closing balance		3 255.4	3 195.4
Comprising:			
Share capital	5	36.1	36.0
Capital reserves	5	439.5	411.5
Share premium		147.0	45.6
Share option reserve		292.5	365.9
Retained earnings	5	2 779.8	2 747.9
Total equity		3 255.4	3 195.4

Company statement of cash flows

for the year ended 30 September 2014

	Notes	2014 R million	Restated 2013 R million
Cash flows from operating activities			
Cash retained from operations	11.1	(480.0)	(60.1)
Income from investments		1 040.8	955.0
Income tax paid		(7.2)	(9.2)
Cash flows from operations		553.6	885.7
Dividends paid		(1 008.8)	(913.5)
Cash utilised in operating activities		(455.2)	(27.8)
Cash flows from investing activities			
Decrease in non-current financial assets and investments		–	(0.1)
Cash utilised in investing activities		–	(0.1)
Cash flows from financing activities			
Capital proceeds from issue of shares		101.5	28.1
Share buy-back		353.9	–
Cash retained from financing activities		455.4	28.1
Net increase in cash and cash equivalents		0.2	0.2
Cash and cash equivalents at beginning of year		0.9	0.7
Cash and cash equivalents at end of year	11.2	1.1	0.9

Notes to the company financial statements

for the year ended 30 September 2014

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1. Investment in associate

	2014 R million	Restated 2013 R million
(Refer to Annexure B for details)		
Cost of investment in associate	3.0	3.0
	3.0	3.0
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	108.2	77.2
Profit for the year	0.7	0.8
Total assets	680.7	532.3
Total liabilities	641.7	499.4
Net assets	39.0	32.9

2. Investments in subsidiaries

(Refer to Annexure B for details)		
Interest in subsidiaries	3 518.4	3 872.3
Share-based payments contribution	199.7	176.1
Net amount due by subsidiaries ¹	79.8	79.8
Less: impairment losses	(1 483.0)	(1 483.0)
Shares at cost less impairments	2 314.9	2 645.2
Directors' valuation	2 314.9	2 645.2

¹The loans do not bear interest and have no fixed repayment terms.

3. Other non-current financial assets

Residual right in Nampak Black Management Trust	414.1	414.1
Total	414.1	414.1

In September 2005 Nampak Ltd 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 the right as a residual beneficiary of the BMT.

4. Bank balances, deposits and cash

Cash at bank and on hand	1.1	0.9
Total	1.1	0.9

Notes to the company financial statements continued

for the year ended 30 September 2014

5. Capital and reserves

Reconciliation of movement in capital and reserves

Notes	Attributable to equity holders of the company						Total equity R million
	Share capital R million	Share premium R million	Share option reserve R million	Share of non-distributable reserve in associates R million	Retained earnings R million		
At 1 October 2012	35.9	17.6	350.1	0.9	2 721.5		3 126.0
Employee share option scheme:							
– value of employee services	–	–	26.9	–	–		26.9
– share grants exercised	–	–	(10.9)	–	–		(10.9)
– proceeds from shares issued	0.1	28.0	–	–	–		28.1
– share grants forfeited after vesting date	–	–	(0.2)	–	–		(0.2)
Reversal of associate movements in equity	–	–	–	(0.9)	(2.0)		(2.9)
Profit for the year	–	–	–	–	941.9		941.9
Dividends paid	9	–	–	–	(913.5)		(913.5)
At 30 September 2013 (restated)	36.0	45.6	365.9	–	2 747.9		3 195.4
Employee share option scheme:							
– value of employee services	–	–	23.7	–	–		23.7
– share grants exercised	–	–	(97.1)	–	–		(97.1)
– proceeds from shares issued	0.1	101.4	–	–	–		101.5
Profit for the year	9	–	–	–	1 040.7		1 040.7
Dividends paid	9	–	–	–	(1 008.8)		(1 008.8)
At 30 September 2014	36.1	147.0	292.5	–	2 779.8		3 255.4

Notes to the group financial statements continued

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for the year ended 30 September 2014

5. Capital and reserves continued

	2014 R million	2013 R million
Share capital and premium		
Authorised:		
776 857 200 ordinary shares of 5 cents each	38.9	38.9
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
100 redeemable preference shares of 5 cents each	–	–
Authorised share capital	39.9	39.9
Issued:		
700 707 537 (2013: 697 897 394) ordinary shares of 5 cents each	35.1	35.0
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
Issued share capital	36.1	36.0
17 996 539 (2013: 18 738 024) ordinary shares have been set aside for employees' share schemes.		
Share premium	147.0	45.6
Share option reserve	292.5	365.9
Capital reserves	439.5	411.5
Reconciliation of number of shares issued		
Ordinary shares		
Number of ordinary shares issued at beginning of year	697 897 394	696 711 782
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme (Option Scheme)	240 000	423 300
Ordinary shares allotted to a director in terms of the Option Scheme	–	40 000
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan (PSP)	381 087	200 079
Ordinary shares allotted to directors in terms of the PSP	400 483	251 447
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited Share Appreciation Plan (SAP)	1 358 440	94 784
Ordinary shares allotted to directors in terms of the SAP	197 364	49 222
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited Deferred Bonus Plan (DBP)	112 101	96 095
Ordinary shares allotted to directors in terms of the DBP	120 668	30 685
Number of ordinary shares issued at end of year	700 707 537	697 897 394
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		

Notes to the group financial statements continued

for the year ended 30 September 2014

6. Other payables

	2014 R million	2013 R million
Accruals	6.4	7.4
Other	0.1	0.1
Total	6.5	7.5

Accruals principally comprise amounts outstanding for ongoing costs.

The directors consider that the carrying amount of other payables approximates their fair value.

7. Income from investments

Normal dividends – South African	1 035.5	948.9
Interest received from subsidiaries	5.3	6.1
	1 040.8	955.0

8. Income tax

Current tax		
– Current year	9.6	9.8
– Prior year	(10.0)	3.3
Total	(0.4)	13.1

The company tax rate in South Africa is 28% (2013: 28%) of the estimated assessable profit for the year.

Reconciliation of rate of tax

Effective company rate of tax	%	–	1.4
Reduction in tax charge due to:			
– dividend income	%	27.9	27.8
– adjustment for prior year normal tax	%	1.0	–
Increase in tax charge due to:			
– disallowable expenses	%	(0.3)	(0.2)
– adjustments for prior year normal tax	%	–	(0.4)
– imputed income – section 9D	%	(0.6)	(0.6)
Normal tax rate	%	28.0	28.0

Notes to the group financial statements continued

for the year ended 30 September 2014

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9. Dividends and cash distributions

	2014 R million	2013 R million
Dividends paid		
Final dividend No 83 paid on 20 January 2014: 98.0 cents per share (2013: No 81 – 89.0 cents per share)	686.4	620.5
Interim dividend No 84 paid on 7 July 2014: gross amount of 46.0 cents per share (2013: No 82 – 42.0 cents per share)	322.3	292.9
	1 008.7	913.4
Other dividends	0.1	0.1
Total dividends paid	1 008.8	913.5

On 20 November 2014 the directors declared a gross dividend No 85 of 107.0 cents per share payable on 19 January 2015 to shareholders registered on the record date, being 16 January 2015.

	2014 Cents	2013 Cents
Analysis of dividends declared in respect of current year's earnings:		
Dividends per ordinary share		
Interim	46.0	42.0
Final	107.0	98.0
	153.0	140.0

6.5% and 6% cumulative preference dividends

Preference dividends totalling R0.1 million (2013: R0.1 million) were declared on 21 November 2013 and 23 June 2014, and paid on 27 January 2014 and 28 July 2014 respectively.

Notes to the group financial statements continued

for the year ended 30 September 2014

10. Related party transactions

	2014 R million	2013 R million
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 7.		
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	531.1	502.6
	531.1	502.6
Current amounts outstanding to subsidiary companies are as follows:		
Nampak Share Purchase Trust ²	1.0	1.0
Nampak Employee Share Trust ²	0.5	–
Black Management Trust ²	0.4	–
Malbak Ltd ²	–	353.9
	1.9	354.9

¹These loans bear interest at the average deposit rate and have no fixed repayment terms.

²These loans do not bear interest and have no fixed repayment terms.

Treasury shares

Treasury shares are shares of the company, held by subsidiaries and special purpose entities of the group. Dividends/cash distributions paid on treasury shares are detailed in note 30 of the group financial statements.

Guarantees

Guarantee for an amount not exceeding US\$1.2 million on behalf of Nampak International Ltd in favour of U.S. Steel relating to purchases by African operations	13.6	12.1
Guarantee for an amount not exceeding US\$0.8 million on behalf of Nampak International Ltd in favour of U.S. Steel relating to goods and services delivered by Košice	9.0	8.0
Guarantee for an amount not exceeding US\$2 million on behalf of Nampak International Ltd in favour of ArcelorMittal	22.6	20.1
Guarantee for an amount not exceeding US\$0.5 million on behalf of Nampak International Ltd in favour of Sappi Deutschland	5.6	5.0
Guarantee for an amount not exceeding R1.2 million on behalf of Nampak Products Ltd in favour of Unilever SA Home & Personal Care (Pty) Ltd 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 Ltd in favour of Noteholders for the commercial paper programme	750.0	750.0
Guarantee for an amount not exceeding R30 million on behalf of Nampak Products Ltd in favour of Standard Bank SA Ltd for Tissue Klip	30.0	30.0
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Ltd in favour of Nedbank for a non-current loan	1 000.0	1 000.0
Guarantee for an amount not exceeding R3.3 million on behalf of Nampak International Ltd in favour of U.S. Steel Serbia	3.3	2.4
Guarantee for an amount not exceeding R500 million on behalf of Nampak Products Ltd in favour of Rand Merchant Bank for debt facilities	500.0	350.0
Guarantee for an amount not exceeding R650 million on behalf of Nampak Products Ltd in favour of Citibank for banking facilities	650.0	482.0
Guarantee for an amount not exceeding R1.007 billion on behalf of Nampak Products Ltd in favour of ABSA for banking facilities	–	1 007.0
Guarantee for an amount not exceeding R160.8 million on behalf of Nampak Products Ltd in favour of Citibank for banking facilities	–	160.8
Guarantee for an amount not exceeding R176.9 million on behalf of Nampak Cartons Nigeria in favour of Citibank	–	176.9

10. Related party transactions continued

	2014 R million	2013 R million
Guarantee for an amount not exceeding R80.4 million on behalf of Nampak Cartons Nigeria Ltd in favour of Citibank	–	80.4
Guarantee for an amount not exceeding R2 billion on behalf of Nampak Products Ltd in favour of Noteholders for the domestic medium-term note programme	2 000.0	2 000.0
Guarantee for an amount not exceeding R400 million on behalf of Nampak Products Ltd in favour of Investec Bank Ltd for general banking facilities.	400.0	400.0
Guarantee for an amount not exceeding R1 billion on behalf of Nampak Products Ltd in favour of Nedbank for a five-year term loan agreement to purchase Nampak Wiegand Glass (Pty) Ltd	1 000.0	1 000.0
Guarantee for an amount not exceeding R500 million on behalf of Nampak Products Ltd in favour of Standard Bank SA Ltd for banking facilities	500	1 005.9
Key management personnel		
Details of significant positions held by key management personnel and transactions with these entities are provided in note 36 of the group financial statements.		
The remuneration of directors and other members of key management during the year was as follows:		
Short-term employee benefits	24.6	12.9
Termination benefits	0.5	–
Share-based payments	6.1	7.6
	31.2	20.5

The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends.

11. Notes to the cash flow statement

11.1 Reconciliation of profit before taxation to cash retained from operations

Profit before taxation	1 040.3	955.0
Adjustment for:		
Income from investments	(1 040.8)	(955.0)
Operating loss before working capital changes	(0.5)	–
Decrease in other receivables	–	16.6
Decrease in other payables	(98.0)	(40.8)
Movement in subsidiary company loans	(381.5)	(35.9)
Cash retained from operations	(480.0)	(60.1)

11.2 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 (note 4)	1.1	0.9
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Composition of the group and corporate activity

for the year ended 30 September 2014

Annexure A

The consolidated financial statements include the accounts of Nampak Ltd (the company) and all of its subsidiaries at 30 September 2014.

1. Interests in subsidiaries, associates, joint ventures and unconsolidated investments

The subsidiaries, associates, joint ventures and unconsolidated investments of Nampak Ltd fall under three main holding companies, namely Nampak Products Ltd, Nampak International Ltd and Nampak Southern Africa Holdings Ltd.

Nampak Products Ltd is registered in South Africa and operates primarily in South Africa, Angola, Mozambique and Swaziland. Nampak International Ltd is registered in the Isle of Man and operates in the United Kingdom, as well Ethiopia, Kenya, Nigeria and Zimbabwe, while Nampak Southern Africa Holdings Ltd is registered in Mauritius and operates primarily in Botswana, Malawi, Tanzania, Zambia and Zimbabwe.

The group holds a majority voting rights in all of its subsidiaries. Non-controlling shareholders have significant interests in two of the group's subsidiaries.

The group also holds interests in four associates and two joint ventures. These are not material to the group.

Refer to Annexures B and C for more details.

2. Entities acquired during the year

The group acquired with effect from 1 March 2014 the entire equity of Alucan Investments Ltd for an amount of R3 508.0 million paid in cash.

The group also acquired, with effect from 1 September 2014, the remaining 51% interest in Bullpak Ltd from Unga Ltd for an amount of R42.0 million paid in cash.

Refer to note 28 for more detail on the acquisitions.

3. Entities disposed of/deconsolidated during the year

During May 2013, the directors of the group approved of a plan to dispose of the Cartons and Labels business, a division of Nampak Products Ltd. On 13 September 2013, the group entered into a sale agreement to this effect and completed the transaction by 1 August 2014, the effective date of the disposal. Refer to note 27 for more details on this disposal.

During the current financial year, the group reassessed control in terms of IFRS 10 and concluded that the application of this standard had the effect that Red Coral Investments 23 (Pty) Ltd, a black economic empowerment share scheme established in 2005, was required to be deconsolidated.

Composition of the group and corporate activity continued

for the year ended 30 September 2014

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4. Non-controlling interests in the group's activities

The following subsidiaries have non-controlling interest that are material to the group:

Subsidiary	Principal place of business	Operating segment	Ownership interest held by outside shareholders (%)	
			2014	2013
Angolata Lda	Angola	Rest of Africa – Metals	30	30
Nampak Corrugated (Swaziland) Ltd	Swaziland	South Africa – Paper and Flexibles	10	10

The following represents the financial information for Angolata Lda and Nampak Corrugated (Swaziland) Ltd, based on their respective financial accounts.

	Angolata Lda		Nampak Corrugated (Swaziland) Ltd	
	2014 R million	2013 R million	2014 R million	2013 R million
Revenue	1 212.0	957.7	162.4	149.3
Net profit for the year	116.3	(66.6)	(6.8)	5.7
Attributable to:				
Owners of Nampak Ltd	81.4	(46.6)	(6.1)	5.1
Non-controlling interests in subsidiaries	34.9	(20.0)	(0.7)	0.6
Other comprehensive income	(17.0)	(20.7)	–	–
Total comprehensive income	99.3	(87.3)	(6.8)	5.7
Total comprehensive income attributable to:				
Owners of Nampak Ltd	69.5	(61.1)	(6.1)	5.1
Non-controlling interests in subsidiaries	29.8	(26.2)	(0.7)	0.6
Total assets	2 072.6	1 609.4	61.1	70.7
Total liabilities	2 235.8	1 871.8	81.1	84.7
Total equity	(163.2)	(262.4)	(20.0)	(14.0)
Attributable to:				
Owners of Nampak Ltd	(114.2)	(183.7)	(18.0)	(12.6)
Non-controlling interests in subsidiaries	(49.0)	(78.7)	(2.0)	(1.4)

Composition of the group and corporate activity continued

for the year ended 30 September 2014

Annexure A continued

5. Interests in associates and joint ventures

The associates of the group are Group Risk Holdings (Pty) Ltd, Collect-a-Can (Pty) Ltd, Megapak Zimbabwe (Pvt) Ltd and Hunyani Holdings Ltd, and the group's joint ventures are Sancell SA (Pty) Ltd and Crown Cork Company (Mozambique) Lda. During the current year, the group acquired the remaining 51% in Bullpak Ltd (previously a joint venture). The results of these entities are not material. Refer to notes 6 and 7 for more detail.

6. Financial restrictions imposed on group entities

The following table sets out the main restrictions that apply to group entities. The amounts disclosed represent the carrying values of the total assets and total liabilities in the consolidated statement of financial position net of inter-group eliminations.

R million	Total assets 2014	2013	Total liabilities 2014	2013
The externally imposed capital requirements placed on the group in terms of debt covenants on bank facilities requires that Nampak Products Ltd and Nampak International Ltd, both wholly owned subsidiaries, maintain a ratio of financial indebtedness to the financial indebtedness of the group that is higher than the ratio of the EBITDA of Nampak Products Ltd and Nampak International Ltd to the EBITDA of the group.				
The loan covenants are as follows:				
Nampak Products Ltd	16 636.5	15 379.7	11 291.8	10 149.8
– To maintain a net debt to EBITDA of not more than 3.0 times				
– To maintain an interest cover ratio of not less than 4.0 times				
– To maintain a secured properties gearing ratio of 80% or less				
Nampak International Ltd	515.1	376.1	293.6	180.0
– To maintain a net debt to EBITDA of not more than 3.0 times				
– To maintain an interest cover ratio of not less than 4.0 times				

Interests in subsidiaries, associates and joint ventures

for the year ended 30 September 2014

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Annexure B

1. Subsidiaries (consolidated)

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2014 %	2013 %	Shares at cost 2014 Rm	2013 Rm	Indebtedness 2014 Rm	2013 Rm
Alucan Packaging Ltd	O	Nigeria	US\$5 402 000	100	–				
Alucan Investment Ltd	I	British Virgin Islands	US\$49 000	100	–				
Angolata Lda	O	Angola	K4580 650	70	70				
Auspac Ltd	D	UK	£4 050 000	100	100				
Bullpak Ltd	O	Kenya	KES4 760 000	100	49				
Carnaud/Metalbox Zimbabwe Ltd	O	Zimbabwe	US\$98 994	100	100				
Crown Cork Company Zimbabwe (1958) (Pvt) Ltd	D	Zimbabwe	US\$7 105	100	100				
Elopak South Africa (Pty) Ltd	D	RSA	R280	100	100				
EPS (Foston) Ltd	O	UK	£100	100	100				
Four Four Two Ltd	I	UK	£1 000	100	100				
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100				
Malbak Ltd	I	RSA	R100	100	100	1 482.9	1 836.8	–	–
Megaplastics Ltd	I	Zimbabwe	US\$0	100	100				
Metal Box (Namibia) (Pty) Ltd	D	Namibia	N\$1	100	100				
Metal Box South Africa Ltd	D	RSA	R100	100	100				
Nampak Cartons Nigeria Ltd	O	Nigeria	NGN14 000 000	100	100				
Nampak Corrugated (Pty) Ltd	O	RSA	R100	100	–				
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90				
Nampak Glass (Pty) Ltd	D	RSA	R600	100	100				
Nampak Holdings (UK) Ltd	I	UK	£1 964 715	100	100				
Nampak Holdings Ltd	I	Mauritius	US\$ 37 094	100	100				
Nampak Insurance Company Ltd	Insurance	Isle of Man	£100 000	100	100				
Nampak International Ltd	I	Isle of Man	US\$112 863	100	100	1 889.3	1 889.3	–	–
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100				
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100				
Nampak Metal Packaging Ltd	D	RSA	R1	100	100				
Nampak Nigeria Ltd	O	Nigeria	NGN107 044 183	100	100				
Nampak Packaging Pvt Ltd	O	Ethiopia	ETB3 848 000	100	100				
Nampak Petpak (Namibia) (Pty) Ltd	D	Namibia	N\$100	100	100				
Nampak Plastics Europe Ltd	O	UK	£4 863 028	100	100				
Nampak Products Ltd	O	RSA	R3 758 641	100	100	93.7	93.7	79.8	79.8
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100				

Interests in subsidiaries and joint ventures continued

for the year ended 30 September 2014

Annexure B continued

1. Subsidiaries (consolidated)

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
				2014 %	2013 %	Shares at cost 2014 Rm	2013 Rm	Indebtedness 2014 Rm	2013 Rm
Nampak Properties Nigeria Ltd	P	Nigeria	NGN14 000 000	100	100				
Nampak Southern Africa Holdings Ltd	I	Mauritius	US\$4 726 922	100	100	52.5	52.5	–	–
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100				
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Tissue (Pty) Ltd	D	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000	100	100				
Nampak Packaging Malawi Ltd	O	Malawi	MWK13 450 000	100	100				
Teknol BV	I	Netherlands	€18 151	100	100				
Teknol NV	I	Netherlands Antilles	US\$6 000	100	100				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$600 000	100	100				
Total						3 518.4	3 872.3	79.8	79.8

2. Joint ventures (equity accounted)

Crown Cork Company (Mozambique) LDA	O	Mozambique	MT3 800 000 000	50	50				
Sancellia S.A. (Pty) Ltd	O	RSA	R5 000	50	50				

3. Associates (equity accounted)

Collecta-Can (Pty) Ltd	O	RSA	R4 000 000	40	40				
Group Risk Holdings (Pty) Ltd	Insurance	RSA	R11 300	21	21				
Hunyani Holdings Ltd	O	Zimbabwe	US\$319 711	39	39				
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	US\$20 100	49	49				

Type

O – Operating

F – Finance

I – Investment holding

P – Property owning

D – Dormant

Investments

for the year ended 30 September 2014

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Annexure C

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2014	2013	2014	2013
Unlisted investments					
Ethiopian Crown Cork & Can Industry	○	5 750	5 750	25	25
Houers Ko-operatief Bpk	○	1 714 901	1 714 901	14	14
Nampak Polyfoil Zimbabwe (Pvt) Ltd	○	1	1	<1	<1
Sun Citrus Holdings (Pty) Ltd	○	4 160 000	4 160 000	26	26

Type

○ – Operating

Analysis of registered shareholders and company schemes

for the year ended 30 September 2014

Registered shareholder spread

In accordance with the JSE Listing Requirements, the following table confirms the spread of registered shareholders at 26 September 2014 was:

Ordinary shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 599	52.57	1 795 716	0.25
1 001 – 10 000 shares	3 098	35.41	10 129 783	1.45
10 001 – 100 000 shares	675	7.72	23 508 882	3.35
100 001 – 1 000 000 shares	299	3.42	92 111 174	13.15
1 000 001 shares and above	77	0.88	573 161 982	81.80
Total	8 748	100.00	700 707 537	100.00

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/company related schemes as being:

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	28	0.32	105 495 467	15.06
• Directors and associates	12	0.14	448 040	0.06
• Prescribed officers and management	13	0.15	750 182	0.11
• Treasury shares	1	0.01	45 070 855	6.43
• Empowerment	2	0.02	59 226 390	8.45
Public shareholders	8 720	99.68	595 212 070	84.94
Total	8 748	100.00	700 707 537	100.00

Analysis of registered shareholders and company schemes continued

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for the year ended 30 September 2014

Major shareholders

Beneficial shareholders holding 5% or more of issued capital

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	95 595 130	12.36
Nampak Products Limited	45 070 854	6.43
Total	140 665 984	18.79

Fund managers holding 5% or more of issued capital

Investment manager	Total shareholding	%
Allan Gray Investment Council	94 734 037	13.52
PIC	89 322 611	12.75
Nampak Products Limited	45 070 854	6.43
Lazard Asset Management LLC	42 120 510	6.01
Investec Asset Management	41 052 737	5.86
Total	312 300 749	44.57

Preference shareholder spread

	Number of shareholdings	%	Number of shares	%
6% cumulative preference shareholders				
Non-public/public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	33	100	400 000	100
Total	33	100	400 000	100

	Number of shareholdings	%	Number of shares	%
6.5% cumulative preference shareholders				
Non-public/public shareholders				
Non-public shareholders	—	—	—	—
Public shareholders	18	100	100 000	100
Total	18	100	100 000	100

Analysis of registered shareholders and company schemes continued

for the year ended 30 September 2014

Major preference shareholders

	Number of shares	%
6% cumulative preference shareholders		
Beneficial shareholders holding 5% or more		
Charles Forsdick Enterprises CC	134 792	33.70
Old Sillery (Pty) Ltd	95 849	23.96
Castle, JS	64 989	16.25
Konbel (Pty) Ltd	59 725	14.93
Forsdick, CEE	22 900	5.73
Total	378 255	94.57

	Number of shares	%
6.5% cumulative preference shareholders		
Beneficial shareholders holding 5% or more		
Charles Forsdick Enterprises CC	39 588	39.59
Old Sillery (Pty) Ltd	28 700	28.70
Ian Mulline Trust	16 200	16.20
Castle, JS	10 680	10.68
Total	95 168	95.17

Shareholders' diary

for the year ended 30 September 2014

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Annual general meeting	4 February 2015
Interim statement and ordinary dividend announcement for the half year ending 31 March 2015	May 2015
Group results and ordinary dividend announcement for the year ending 30 September 2015	November 2015

Dividend

Ordinary

Final for the year ended 30 September 2014	To be paid on 19 January 2015
Interim for the half-year ending 31 March 2015	To be paid in July 2015

Preference

6.5% and 6% cumulative	Payable twice per annum during February and August
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Corporate information

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Forward-looking statements

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at year-end. Actual results may differ materially from the group's expectations. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these. The group disclaims any intention and assumes no obligation to revise any forward-looking statement even if new information becomes available, other than as required by the JSE Listings Requirements or any other applicable regulations.

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