Nampak
packaging excellence


2016 INTEGRATED REPORT














About our report

Our integrated report is the main communication avenue to our shareholders and other stakeholders in Nampak Limited who are interested in our commitment to create value and ensure a sustainable business into the future. In this report we provide a balanced and accurate assessment of our financial, economic, social, governance and environmental factors.

We report on the six capitals upon which we rely and that have an impact on our business. We also report on the operational and financial performance of Nampak together with the risks and opportunities that determine our material issues, our strategic response to them as well as our future view.

Significant changes during the reporting period

The group entered into a sale and leaseback of 15 properties which raised R1.7 billion in gross proceeds with a capital profit of R1.3 billion. The proceeds will be utilised in the reduction of interest-bearing debt and post-retirement medical aid liabilities.

The group incurred R681 million in foreign exchange losses during the year, with operations in Nigeria contributing the majority of the loss.

Asset impairments of R360 million arose during the year primarily related to the conversion to aluminium of a tinplate line in Angola.

Content and material issues

Material issues are defined as those which have the potential to significantly affect our ability to create stakeholder value and sustain the group into the future. They determine the content of this report and are detailed on page 27.

Scope and boundary

This report covers the period from 1 October 2015 to 30 September 2016. However, we have also included any significant events which occurred after year-end and before the approval date of the report. Most of the content includes all Nampak businesses in all geographies except where specifically noted in the relevant sections.

Nampak reports on its operations by packaging substrate, being metals, glass, paper and plastics and also by geographical region. The report includes all the group's businesses and associates and all significant items are reported on a comparable basis.

Financial statements and other reports

We have provided summarised financial statements in this integrated report. The full consolidated annual financial statements, full corporate governance report, full remuneration report and a detailed sustainability report are all available on our website or may be requested from our company secretary neill.obrien@nampak.com

Assurance

Financial information

The financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRS) and has been independently audited by our external auditors, Deloitte & Touche.

Non-financial information

We considered the following main standards in providing non-financial information:

- JSE Listings Requirements
- The Companies Act
- King III
- The IIRC's International <IR> Framework
- The FTSE/JSE Responsible Investment Index Series
- GRI G4 guidelines and CDP standard

We are pleased to report that following our participation in the FTSE Russell ESG Ratings survey Nampak has been included in the reserve group for potential promotion to the top 30 list of companies.

Approval by the board

The board acknowledges its responsibility for ensuring the integrity of the integrated report and has applied its collective mind in the preparation and presentation of this report. In our opinion the 2016 integrated report is presented in accordance with the framework of the IIRC.

Tito Mboweni
Chairman

André de Ruyter
Chief executive officer

Report feedback

We continually strive to improve our reporting and welcome any comments that will assist us in doing so.
Please contact lynne.kidd@nampak.com

Forward-looking information

This integrated report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations at year-end. Actual results may differ materially from the group's expectations. The group cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned not to place undue reliance on this. 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 Limited Listings Requirements or any other applicable regulations.

Navigation

The following icons provide links to additional information:

PAGE This icon gives you references to supporting information throughout the report.

This icon tells you where you can find more information online and on our website: **www.nampak.com**

Details of our material issues appear on page 2.

www.nampak.com

Scan this QR code with your mobile device for quick access to the report.

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About Nampak

Nampak is **Africa's largest diversified packaging group**. We are the **market leader** in manufacturing beverage cans in South Africa, Nigeria and Angola and have commanding positions in other metal, glass and plastic packaging in South Africa. We are the **sole producer** of cigarette cartons in Nigeria and a significant manufacturer of paper packaging in many other African countries. For more than **70 years** we have invested in **world-class facilities.** We operate in 11 countries in Africa as well as in the United Kingdom and Ireland.

Our **6 678** people provide leading-edge packaging to our customers, some of whom are among the world's **largest FMCG companies**. Nampak has a well resourced R&D facility that provides **innovative solutions** which fully supports our varied customers' packaging requirements. We support **recycling, reuse and recovery** of used packaging. Our **strategy** is to unlock further value from our base business and accelerate growth in the Rest of Africa.

Our vision

To provide best-in-class packaging throughout our selected markets

Our mission

To deliver sustainable value to stakeholders as a responsible corporate citizen and leader in packaging in our selected markets

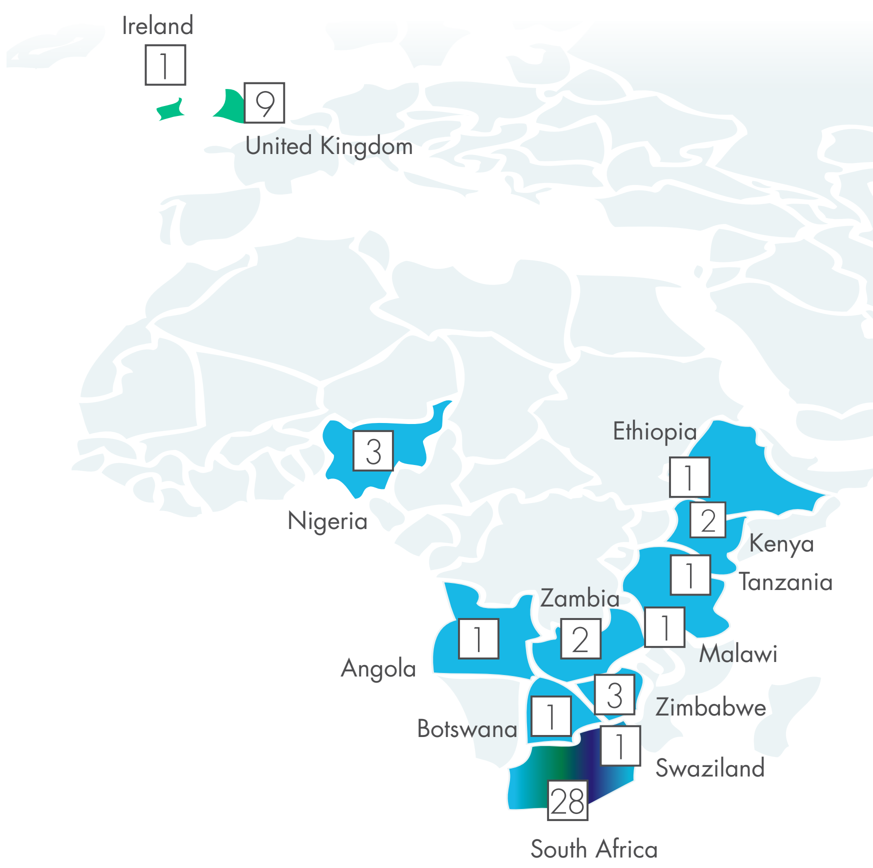
Our values

Responsibility	Integrity	Excellence	Commitment	Teamwork

Our material issues

Challenging **macro-economic environment** in key markets	**Liquidity restrictions** and the exposure of restricted cash to **currency volatility**	Our **operational and financial** performance	**People** – safety, skills and transformation	Uncertain **regulatory and policy** environment

Where we operate



51 operations and 2 corporate offices as well as our R&D facility in **13** countries

Value creation – where our people live and work

- **South Africa** 4 185
  - Metals 2 288
  - Glass 435
  - Plastics 1 283
  - Corporate office 179
- **Rest of Africa** 1 909
  - Metals 1 026
    - Angola 224
    - Kenya 193
    - Nigeria 420
    - Tanzania 71
    - Zimbabwe 118
  - Plastics 181
    - Botswana 19
    - Ethiopia 9
    - Swaziland 8
    - Zimbabwe 145
  - Paper 702
    - Nigeria 93
    - Malawi 122
    - Zambia 142
    - Zimbabwe 345
- **United Kingdom & Ireland** 584
  - Plastics 572
  - Corporate office 12

Number of people

Our operating context

The environment in which we operate helps us identify our material issues – those that could affect the delivery of our strategy as well as our ability to create value in the short, medium and long term.

In 2016, **weak economies, volatile currencies, policy uncertainty** and **skills shortages** were the major themes in our macro environment. On pages 28 and 29 we discuss the implications of these on Nampak's value creation, as well as our strategic responses to them in the year. Among other important factors that continued to define our operating context were the dynamics of the packaging sector globally, in Africa and South Africa:

Factors that influence the use of packaging

- Economic growth and disposable incomes
- Urbanisation and levels of health awareness
- Population size and growth rate
- Ease of use and serving sizes
- Consideration of the environmental impact of packaging

The global packaging industry

- Worth US$870 billion per annum
- Major customers: FMCG firms
- Main end-markets: food, beverages and home and beauty care
- Environmental concerns encourage innovation
- Demand for convenience foods drives development

Africa's packaging industry

- Worth US$22 billion per annum
- Supported by growing middle class
- Higher margins justified by perceived risks
- Competition limited but growing
- We expect packaging demand to grow by a CAGR of between 5 and 10% to 2021

South Africa's packaging industry

- Worth US$4 billion per annum
- Growing competition, including imports
- Consolidation of customer base
- Increasing regulatory requirements
- We expect packaging demand to grow by a CAGR of between 2 and 5% to 2021

Source: Industry and Nampak estimates

Our investment case:

- Africa's largest packaging group
- Leading market positions in Africa, United Kingdom and Republic of Ireland
- Comprehensive plan to improve performance
- De-leveraged balance sheet
- Optimised organisational structure
- Strong relationships with multinationals
- Invaluable partnerships

Our major partners:

- Bericap
- Crown
- Elopak
- Mauser
- Silgan
- Wiegand-Glas

Our customers:

- ABInbev
- British American Tobacco
- Castel
- Clover
- Coca-Cola
- Diageo
- Distell
- Dulux
- GSK
- Heineken
- Kansai Plascon
- Kingsley Beverages
- Namibia Breweries
- Nestlé
- Oceana
- Orange Grove Dairies
- Pioneer
- RCL Foods
- Reckitt Benckiser
- Refriango
- Rhodes Food Group
- SC Johnson
- Tiger Brands
- United National Breweries
- Unilever
- Woodlands Dairy

How we performed in 2016

In the face of macro-economic challenges that led to demand and currency volatility, Nampak delivered improved trading results for 2016.

Group revenue up
11% ↑

Earnings per share
11% ↑

Headline earnings per share
48% ↓

Concluded **R1.7 billion** South African property sale and leaseback

Net increase in cash of **R4.2 billion** versus decrease of **R1.5 billion** in the prior year

Revenue from the Rest of Africa up
26% ↑

Contribution to group trading profit 52%

Reduced net gearing from **72%** to **49%** ↓

Abnormal foreign exchange losses in Nigeria and Angola of **R681 million** due to in-country dollar shortages

Cash extraction from Rest of Africa up from 59% to
77% ↑

Recorded **R186 million** swing in Glass's profitability

Nampak apprenticeships increased by 18% to

176

Employed

26

graduates

Achieved LTIFR of

0.48

against the target of 0.50

Recycled

59 000 tonnes of glass

Corporate social investment spend of

R8.5 million

in South Africa and a further R1.0 million in the Rest of Africa

Cut water consumption by

7%

9% reduction in CO_2 emissions per R million revenue

Chairman's review

2016 was a year of steady progress by Nampak. Driven to deliver on its strategy, and in so doing create value for all its stakeholders, the group extended the work started in 2015 to fundamentally transform the business. Nampak is a more efficient organisation better able to withstand difficult trading conditions, and ready to leverage its established businesses in Africa once the economic tide turns.

Focusing on factors within Nampak's control

2016 was a year of steady progress by Nampak. Driven to deliver on its strategy, and in so doing create value for all its stakeholders, the group extended the work started in 2015 to fundamentally transform the business. Since then, the executive team has been revitalised; the operating model clarified; safety prioritised; operations excellence programmes implemented; business processes streamlined and low-margin and non-core businesses sold.

This has resulted in a more efficient organisation better able to withstand difficult trading conditions, and ready to leverage its established businesses in Africa once the economic tide turns.

Weak global economic growth in 2016 meant a challenging environment for commerce the world over. A range of external factors – political uncertainty, lower commodity prices, volatile currencies and liquidity issues, drought conditions and high inflation – impacted the performance of Nampak's businesses. The economies of Angola and Nigeria were under significant pressure with the timing and quantum of conversion from in-country currencies to US dollars uncertain and sporadic. As a result, significant losses on the translation of restricted cash balances in both countries led to a drop in the group's earnings in the year.

However, Nampak continued to make solid advances on those factors over which it has control, among them operational efficiency, balance sheet management and people development.

The strategic performance tables on page 24, as well as the reports of the CEO (page 22) and CFO (page 36) give details of Nampak's delivery against strategy in the year and the group's plans to ensure sustainable value creation in the future. In running the business and advancing its growth, Nampak considers the availability of the resources and relationships on which it relies, known as the six capitals, as well as the impact that the group has on them. Details of these, and the trade-offs that invariably have to be made, are given on pages 12 to 18.

Committed to the highest standards of corporate governance, the board is responsible for the strategic direction of the group, as well as for maintaining control over the issues that affect Nampak's ability to create value. This year, for the first time, the integrated report gives greater detail of these material issues (pages 28 and 29) – how they are managed, their implications for value as well as the group's strategic response in the year.

How the board responds often requires tough choices, chief among them in 2016 the decision to suspend the payment of both an interim and full-year dividend. The group launched a review of the dividend policy, intent on ensuring that future payments are more closely linked to Nampak's generation of cash.

Putting people and policy first

While all five of the material issues identified in the year were given equal attention by management and directors in the year, the two of particular focus for me were the issues relating to people – their safety, skills and transformation, as well as that which deals with the uncertain regulatory and policy environment.

People are at the heart of the business's value proposition and Nampak needs to attract, develop and retain engaged and diverse employees who ensure the delivery of strategy. The group's graduate training programme continues to provide a strong pipeline of talent, whose contribution is notable. Recent annual talent management reviews have exposed critical skills gaps, and although much progress has been made to address these, more is required.

The group's efforts to strengthen the participation of the previously disadvantaged in the South African economy – through, among others, employment equity, enterprise development and social investment – are well established and wide-ranging. Although Nampak has been recognised for its progressiveness, it cannot rest on its laurels: there is still more work for all in South Africa to do to bring about meaningful and sustainable change.

The South African manufacturing sector, of which Nampak is a mainstay, needs policy certainty as well as a resolution to the political uncertainty that has dogged the country recently. The packaging sector is feeling the weight of a significant regulatory burden that includes the requirement by the Department of Environmental Affairs to prepare and submit waste management plans to the minister for approval. These are in terms of the National Environmental Management: Waste Act, 2008.

Nampak, and the rest of the packaging industry, is concerned that the proposed waste management plans and the associated levy structure will result in the unintended consequence of waste recycling – of which Nampak is a key driver – actually decreasing and the industry coming under further pressure. Levies will place local manufacturing at a structural competitive disadvantage to foreign packaging companies. The introduction of a carbon tax and a proposed tax on sugar-sweetened beverages will further exacerbate this.

Nampak's record on mitigating its environmental impact is well known. Nampak Research and Development, which in October 2016 marked 70 years of innovation and customer collaboration, is dedicated to making products that are lighter and therefore more environmentally friendly.

Between 2012 and 2016, Bevcan invested substantially in new aluminium beverage can production facilities, demonstrating the group's commitment to a more sustainable, lighter and infinitely recyclable form of packaging. The group invested R1.2 billion in a state-of-the-art water- and power-efficient glass furnace as well as a number of projects to refurbish and upgrade existing operations to be more efficient. The major items in this recapitalisation programme are now complete. South Africa has an enviable record on the percentage of packaging that is collected for recycling. For details, see the operational reviews on pages 59 to 67.

Looking ahead

In the year under review, Nampak significantly strengthened those factors over which it has control. While the economic outlook in its markets is clouded in the short term, in the longer term the group is well positioned to leverage its operations, experience and partnerships and benefit from a return to macro-economic stability.

On behalf of the board, I would like to thank all Nampak's people, led by a refreshed and dedicated management team, for their diligence and enthusiasm in the year. We look to the future with confidence.

Tito Mboweni
Chairman

Bryanston
21 November 2016

How we create value using the six capitals

We create value by converting raw materials into packaging products used to protect, preserve and transport consumer products. To do this, we rely on various relationships and resources, which we refer to as the six capitals.

Inputs

Human capital
The health, skills, safety, initiative and diversity of our people, suppliers and partners

Manufactured capital
Our production and research facilities; cullet, tinplate, aluminium, plastic and paper; public infrastructure

Financial capital
Equity and debt financing as well as cash generated from operations and investments

Intellectual capital
Our experience; proprietary and licensed technology; innovation; operational, marketing and procurement excellence initiatives

Social capital
Communities; customers; suppliers; trade unions; industry bodies; governments; our brand and reputation, regulatory authorities

Natural capital
Water, land, air, limestone, sand and soda ash

Our business model

Informed by our vision, mission, values and governance, this supports delivery of our strategy and is our approach to people, processes and product:

People
- Attract, develop and retain engaged employees
- Develop and manage stakeholder relationships
- Ensure accountability
- Deliver an empowered company

Processes
- Maintain a safe workplace
- Secure our advantage by buying, making and selling better
- Manufacture to the best quality and environmental standards
- Continuously improve our performance

Product
- Provide reliable, fit-for-purpose products
- Ensure consistent quality
- Support initiatives to reduce, reuse, recycle
- Invest in innovation through research and development

By considering our operating environment and our material issues, we ensure that we are responsive to changes and are able to adapt.

We need inputs of each to deliver on our strategy and generate value for all stakeholders. We carefully consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes, and limit any negative impacts.

Outputs

Dependable packaging products made of **metals**, **glass**, **plastics** and **paper**

Greenhouse gas emissions **28.67** tonnes CO_2e per Rm revenue down 8%

Outcomes

6 678 employees

R3.1 billion paid in wages and salaries

B-BBEE **level 3***

LTIFR of **0.48**

Trading profit of **R1.9** billion ↑ **4%**

R1.7 billion raised from property sale and leaseback

Reduced gearing from **72%** to **49%**

R1.4 billion in capital expenditure

Asset impairments of **R360** million predominantly Angolan tinplate line

R41.6 million spent on **R&D**

R8.5 million social investment in South Africa

47% of cullet used in glass manufacturing process

* *Currently under evaluation.*

Human capital

Through their expertise and experience our people enable us to operate our facilities safely, effectively and efficiently and contribute to the achievement of our goals and objectives.

We have a comprehensive approach to managing our people and we are committed to addressing inequalities in the workplace. We invest substantially in employee training and development. Our culture is inclusive and we value diversity. Our people operate within a clearly defined governance framework and must adhere to the group's code of conduct and business ethics policy.

Inputs

		2016	2015
Number of employees	Number	6 678	6 663
Graduate development programme graduates	men	11	12
	women	15	8
Nampak apprenticeships	Number	176	149
Bursaries awarded	Number	40	45
Employee development investment	R million	53.3	48.1
HIV counselling and testing*	%	59	80

* *Offered annually*

Outcomes

		2016	2015
Wages and salaries paid	R billion	3.1	2.8
Lost-time injury frequency rate	Rate	0.48	0.89
Work-related fatalities			
Employees	Number	zero	zero
Contractors	Number	1	zero
Non-work-related fatalities	Number	2	zero
Managers attending leadership training	Number	109	127
Graduate development programme graduates employed	Number	26	20

How we achieved our outcomes

- We continued with our self-audits on risk-control standards including health and safety which are then subject to peer audit.
- Provided bursaries for studies in engineering, science and accounting which are critical disciplines for the success of our business
- Further invested in our training and development programmes
- Introduced annual group talent management reviews
- Appointed highly experienced managers to improve procurement and information management

Trade-offs in our use of human capital

The installation of aluminium beverage can lines which produce more cans per minute than tinplate lines will result in a reduction in the number of manufacturing plants with a consequent reduction in employee numbers. This had a negative impact on human capital. However, our financial capital was positively impacted as the business has become more cost-effective, as demanded by our customers.

Training and developing our employees

We recognise the importance that leaders can have in maintaining our competitive edge in the market place. The Nampak graduate development programme is one of the ways that we grow our own talent. This programme is aimed at building capacity for our future managers and leaders.

Thalenta Mtshali was born in Osizweni, Madadeni, Newcastle and attended school at Thubelihle High School where he matriculated in 2004. He then went on to complete a BSc degree in electrical engineering at the University of Cape Town. He was the first person in his family to achieve a university degree.

In 2012 he joined the Nampak programme as a graduate trainee at Nampak Cartons and Labels in Denver, Johannesburg and in 2014 was appointed as a cold end technician at Nampak Glass. His responsibilities include the day-to-day running of the cold end of Furnace 3 but more importantly he has to verify that the glass packaging is of acceptable quality before it is despatched to our customers.

Thalenta says that the experience of the graduate development programme has added a new set of values and has taught him how to be humble, to take time to listen to conflicting views and to learn from the wealth of experience that Nampak has to offer.

Vuyo Dlova spent the early part of her childhood in KwaThema, Springs before going to school at Sacred Heart College in Observatory, Johannesburg. She matriculated in 2002 and went on to complete a BASocs degree in labour studies, organisational psychology and human resource management at the University of Cape Town.

In 2010 Vuyo joined Nampak Cartons & Labels as a trainee and was enrolled in the Nampak graduate development programme. She says that this is a clear indication of Nampak's commitment to developing talent and that if you prove yourself by being open to the learning process your efforts will be recognised. After completing the programme Vuyo was initially employed as an internal sales coordinator at Nampak Cartons & Labels and then went on to manage some large and important customer accounts. She was transferred to DivFood in Cape Town in 2013 and is currently customer service manager based at the DivFood Bellville warehouse.

She recently completed the Management Development Programme which is run in partnership with the Gordon Institute of Business Science.

Manufactured capital

We depend on our extensive existing asset base of plants, property and equipment to sustain our ongoing service to our customers and provide them with the packaging products they require. With operations in 11 countries in Africa and in the United Kingdom and Ireland we are more than capable of meeting our customers' needs.

We continue to upgrade our equipment and invest in new technologies that will contribute to achieving our goal of 'Packaging Excellence'. The investment in modern equipment also plays a role in reducing the environmental impact of our manufacturing processes.

Inputs

		2016	2015
Production facilities:			
South Africa	Number	28	29
Rest of Africa	Number	13	16
UK/Ireland	Number	10	8
Research & Development facility		✓	✓
Cullet	tonnes	59 000	63 000
Polymer resin	tonnes	97 600	101 000

Aluminium and tinplate usage not disclosed for competitive reasons

Outcomes

		2016	2015
Capital expenditure			
– expansion	R billion	1.0	0.8
– replacement	R billion	0.4	1.4
Depreciation and amortisation	R million	912	802
Impairment of assets	R million	360	121

How we achieved our outcomes

- Commissioned new aluminium beverage can line at Rosslyn
- Expanded beverage can ends plant capacity
- Reduced spoilage at Bevcan Springs
- Installed diesel generators at all DivFood operations
- Commissioned new modern equipment at DivFood Vanderbijlpark and Mobeni
- Invested in new equipment to manufacture a range of plastic packaging

Trade-offs in our use of manufactured capital

The installation of modern equipment has impacted negatively on our human capital as operating this equipment requires fewer employees. Given our move to high-speed aluminium lines, we have impaired our tinplate line in Angola. Our financial capital will, however, benefit from this modernisation.

Financial capital

The funds generated by our operations and borrowings raised from financial institutions constitute our financial capital inputs. These funds are used to run our business and to finance both expansion and replacement capital expenditure. They are also used to pay interest on borrowed money and, where appropriate, to distribute dividends to our shareholders. Our financial capital is reinvested in all the other capitals in a considered manner to ensure the sustainability of our business.

The targeted return on capital is an important consideration when making investment decisions.

Inputs

		2016	2015
Market capitalisation	R billion	13.4	18.1
Total equity	R billion	9.4	9.2
Capital investment	R billion	1.4	2.2
Net interest-bearing debt	R billion	4.6	6.6
Net interest incurred	R million	485.5	279.0

Outcomes

		2016	2015
Operating profit*	R billion	2.2	1.7
Cash generated from operations	R billion	2.8	1.7
Net borrowings to shareholders' equity (gearing)	%	49.0	71.8
Headline earnings per share*	cents	107.6	208.2
Earnings attributable to shareholders	R billion	1.6	1.0
Dividends paid to shareholders	R million	576**	946
Return on net assets*	%	11.2	10.7
Employment costs*	R billion	3.1	2.8
Interest paid to providers of capital	R million	521	376
Earnings per share*	cents	254.5	228.3
Net cash generated/(utilised)	R billion	1.8	(0.1)

* *Continuing operations*
** *Final dividend for 2015*

How we achieved our outcomes

- Concluded R1.7 billion sale and leaseback of properties
- Achieved the benefits of our buy better, make better, sell better strategic imperative
- Realised the returns expected from capital investment projects
- Increased our focus on working capital management
- Tightly controlled the capital investment programme
- Implemented new focused cash management system
- Strictly monitored liquidity issues in Rest of Africa

Balance sheet optimisation

- Released cash of approximately R487.8 million from inventories
- Restructured loan covenants
- Restructured R2 billion short-term debt to long-term debt

Trade-offs in our use of financial capital

Our financial capital benefits from the installation of modern equipment but this has been at the expense of jobs which negatively impacts our human capital. The suspension of the 2016 dividend has assisted in deleveraging the balance sheet and is consistent with the group's strategy to conserve cash.

Intellectual capital

We regard innovation as a key competitive advantage and our R&D facility in Cape Town possesses both the required intellectual knowledge and expertise to give us the edge in providing constantly improving world-class packaging solutions to our customers. This facility, which has a budget of R42 million and is unrivalled on the African continent, celebrated its 70th anniversary in October 2016.

Our Nampak brand has been established over 47 years as a listed company and our ongoing investment in new technology provides our customers with the confidence that they will receive the expected level of service from us. Our logo 'Nampak Packaging Excellence' embraces our culture of providing outstanding manufacturing and service.

Inputs

- Our R&D facility which employed no fewer than 23 scientists, two engineers, 10 technologists, three technicians and four business information researchers
- An R&D budget of R42 million
- Our 6 678 skilled and experienced employees
- Intangible assets valued at R309 million (excluding goodwill)
- Our technical association with a number of key packaging manufacturers

Outcomes

- Reduced usage of tinplate
- Light-weighted and redesigned plastic packaging
- Improved customer relationships
- Contributed to better food safety
- Higher skills levels

How we achieved our outcomes

- Contributed intellectual input to the introduction of a light-weight two-piece food can
- We utilised our upgraded finite element analysis (FEA) and CAD software to redesign and light-weight plastic packaging products
- Down-gauging trials on beverage cans are in progress
- We assisted our customers with microbiology and can-handling audits as well as product evaluation and analysis
- We provided bursaries to develop our intellectual capability

Trade-offs in our use of intellectual capital

Our investment in intellectual capital reduces our stocks of financial capital in the short term but increases our human, manufactured, financial and social and relationship capital in the longer term.

Social and relationship capital

We contribute to helping the communities in which we operate and recognise that this is an integral part of our business sustainability. We also focus on building partnerships with trade unions and other structured engagement forums to effectively manage the risks associated with industrial action.

Our relationships with our suppliers, customers, industry and government bodies, and regulatory bodies are equally important to our success. Our business activities have an impact on many aspects of society and we have strategies and systems in place that ensure that our relationships are managed effectively.

Inputs

- Beneficial management and employee relationships
- Constructive relationships with trade unions
- Ongoing interactions with government and tax authorities
- Good relationships with our customers and suppliers
- Informed communications with our shareholders and the investment community
- A focused corporate social investment strategy

Outcomes

		2016	2015
Long-term agreements with key customers		✓	✓
Economic value-added	R billion	6.73	5.65
Corporate social investment	R million	8.5	10.7
B-BBEE contributor status	Level	In progress	3
No strike action		✓	✓
Black management	%	55	59
Successfully concluded wage negotiations at Glass and Liquid Paper in 2016			
14 years of our school partnering programme, invested R3.3 million in 2016			

How we achieved our outcomes

- Engaged with affected employees regarding post-retirement medical aid funding
- Held joint consultative discussions with all trade unions
- Participated with industry partners on waste management and recycling initiatives
- Responded to government call for comment on proposed waste management legislation
- Kept the investment community informed on performance and progress on strategy
- Continued with our social investment programme including rebuilding a school in Ibadan, Nigeria investing R680 000

Trade-offs in our use of social and relationship capital

Our ongoing investment in social and relationship capital reduces our financial capital in the short term. However, over the long term our business will benefit from these investments which will then have a positive impact on our financial capital.

Natural capital

We require quality water, land, air and energy. We also depend on a reliable supply of limestone, sand and soda ash for the manufacture of our glass packaging. We apply our resources to convert natural capital into value across all the other capitals.

We strive to reduce the impact of post-consumer packaging waste on landfill facilities through embracing environmental production standards and producer responsibility, evidenced by our commitment to maximising recycling and light-weighting.

Inputs

		2016	2015
Water consumption	Mega litres	1 652	1 811
Land area used	Square metres	980 373	1 019 438
Energy use	Gigajoules	4 555 381	4 432 406
Purchased electricity	Megawatt hours	424 161.11	434 347.87
Limestone	tonnes	36 600	33 675
Silica sand	tonnes	133 139	120 657
Soda ash	tonnes	39 312	35 077

Outcomes

		2016	2015
Emissions (scope 1 and 2)	tCO_2e/Rm revenue	28.67	31.80
Energy intensity	% tCO_2e from electricity	66%	69%
Cullet usage	%	47	50
Finer cullet	mm	3	7
Metal packaging waste collection	%	increased from 65% to 70% over four years	
Plastic packaging waste collection	%	increased from 41% to 46% over four years	
CDP climate change score		A- relative to C average	

How we achieved our outcomes

- We continued with our initiatives to promote recycling
- Further investment in aluminium beverage can lines which will reduce energy demand
- Invested R18 million in cullet sorting technology which has resulted in an increase in the usage of cullet
- We reduced our dependence on municipal resources
- We achieved the energy intensity efficiency target rate set in 2014 largely as a result of significantly improved performance at Glass
- Drilled a borehole at Glass which will supply process and grey water
- Installed energy-efficient lighting

Trade-offs in our use of natural capital

We impact negatively on natural capital by using non-renewable resources such as limestone, silica sand and soda ash. The use of cullet, however, impacts positively on natural capital and we will continue to increase the use of this recycled material.

The key relationships on which we rely to create value

Sustainable value creation depends on successful interactions with stakeholders. Using our values as the basis of all exchanges, we aim to engage proactively with those who impact Nampak, as well as those on whom we have an impact. This informs our strategy development and evaluation, our risk management as well as our material issues.

The key stakeholders with whom we interact are:

Although stakeholder relationship management is implemented at all levels across all our divisions, in terms of King III, our social, ethics and transformation committee monitors the company's activities in this regard. The Nampak board of directors, however, retains ultimate responsibility for corporate reputation and stakeholder relationships. Opportunities and risks arising from our stakeholder engagements are also addressed in our risk management process.

Any stakeholder wishing to report matters of concern anonymously can email nampak@tip-offs.com, which is operated independently by Deloitte & Touche.

The key relationships on which we rely to create value
continued

In 2016, we considered the following to be the key issues of each stakeholder group, and our related actions. The icons show the links to our material issues.

Shareholders and other funders#

Key issues

- Strategy and sustainable returns
- Liquidity issues in Angola and Nigeria
- Debt management
- Executive remuneration policy

Our actions

- Implemented numerous initiatives to improve operational efficiencies, cut costs, enhance profitability
- Engaged with authorities in Angola and Nigeria
- Implemented new cash management system; improved inventory management; restructured debt; concluded property sale and leaseback
- Provided shareholders with opportunity to discuss remuneration policy

At year-end, our shareholding was 54% local and 46% foreign. We received a merit award from EY for our focus on value creation in our 2015 integrated report, which was rated excellent.

Employees*

Key issues

- Post-retirement medical aid for employees with at least 25 years of service by 2011
- Workplace safety
- Securing and developing necessary skills
- Performance management

Our actions

- Provided employees with lump-sum payments to fund their own post-retirement medical aid contributions
- Renewed focus on safe working conditions; reduced LTIFR to 0.48 from 0.89
- Put 109 people through managerial development programmes
- Carried out performance reviews with 100% of managers

* *Nampak News was a finalist for the Best Internal Magazine in the 2016 SA Publication Forum Awards.*

Trade unions

Key issues

- Restructuring and retrenchments; pending closure of Bevcan Durban
- Successful conclusion of wage negotiations
- Establishment of Nampak Enterprise Bargaining Forum

Our actions

- Held successful joint consultative discussions with all trade unions; no disputes
- Concluded scheduled wage negotiations at Glass and at Liquid Paper; no strikes
- In consultation with NUMSA and other trade unions to establish Nampak Enterprise Bargaining Forum

Customers

Key issues

- Provide reliable supply of quality packaging and innovative solutions
- Retain key customers
- Sustain good customer relationships
- Higher-than-acceptable spoilage at Bevcan Springs

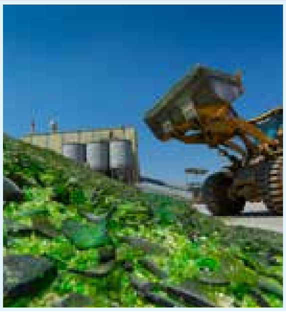
Our actions

- Met customers' needs by supplying quality products on time
- Implemented a sales and marketing training programme
- Improved manufacturing expertise and skills to reduce spoilage

Suppliers

Key issues

- Realise benefits of 'buy better' initiatives
- Meet B-BBEE procurement targets
- Ensure consistent supply of quality raw materials



Our actions

- Utilised centralised procurement expertise; reduced supplier numbers
- Negotiated long-term contracts for the supply of critical raw materials
- Established and tested alternative supply channels
- Focused on identifying further B-BBEE suppliers

Industry bodies

Key issues

- Waste management
- Environmental impact of post-consumer packaging

Our actions

- Submitted comments on intention to call for waste management plans
- Provided responses to government on policy changes through Packaging SA, BUSA and the Manufacturing Circle

Governments and regulators

Key issues

- Good governance and compliance
- Maintaining sound relations with the municipalities in which we operate
- Additional proposed taxes on packaging and manufacturing
- Proposed introduction of carbon and sugar tax
- Liquidity issues in Angola and Nigeria
- Maximising tax incentives

Our actions

- Maintained sound governance policies and processes
- Participated in constructive engagements with municipalities
- Provided detailed responses to various proposed policy changes
- Formulated an enhanced engagement plan
- Applied for tax incentives from revenue authorities
- Close engagement with authorities in Angola and Nigeria helped improve liquidity
- Complied with JSE and revenue authorities

Civil society

Key issues

- Improving the lives of communities in which we operate
- Contributing significantly to secondary and tertiary education
- Continuing our long-term commitment to environmental education

Our actions

- Dedicated R8.5 million in social investment
- Continued supporting partnered schools; provided bursaries to qualifying students on merit
- Extended support to Eco-schools initiative

Chief executive's report

Building on the achievements of 2015, in 2016 we focused our efforts on unlocking further value from our base business. We put in place comprehensive plans to 'buy, make and sell better' and in so doing generate more cash, and moved closer towards completing our asset recapitalisation programme that is already enhancing our efficiency and competitiveness. Our operational performance improved markedly.

Getting the best out of our assets

Nampak's determination to consistently improve performance was evident in 2016, when we recorded significant advances in our work to deliver against our strategic objectives. This was despite a challenging trading environment, which is one of five material issues identified in the year and discussed in further detail on pages 28 and 29.

Building on the achievements of 2015, in 2016 we focused our efforts on unlocking further value from our base business. We put in place comprehensive plans to 'buy, make and sell better' and in so doing generated more cash, and moved closer towards completing our asset recapitalisation programme that is already enhancing our efficiency and competitiveness. Our operational performance improved markedly, with improved trading margins at 10.5% from 9.8%.

We reduced the complexity of our business and introduced new systems and processes to monitor, manage and forecast activities. We implemented a new information management plan, appointing a new chief information officer, and upgraded our supply chain activities, appointing a chief procurement officer and increasing data accuracy. This paid off with a R126 million procurement saving in the year, and more to come. We reduced inventories, net of disposals, by a total of R900 million over two years.

Safety is our number one priority and a key performance indicator for executive remuneration, as well as a good proxy for operational performance. In the year, we recorded an LTIFR of 0.48, down from 0.89 a year earlier and better than the target for the year of 0.5. However, we are committed to zero harm and have set ourselves a target of 0.4 in 2017.

In his report on page 36, CFO Glenn Fullerton unpacks the many achievements in the finance portfolio in the year. Suffice to say that the fundamental restructuring of the balance sheet has been transformative for Nampak – we have de-risked the balance sheet, and returned the business to a sound financial footing, with strong cash flows. Having stabilised our gearing, we are looking forward to resuming dividend payments in the coming financial year.

In 2016, we focused on those things we could control and did our best to optimise our assets and processes. However, due to the commodity crisis hitting oil-producing countries hard, the environment was tough, particularly in Angola and Nigeria: liquidity issues and the exposure to currency volatility of restricted cash in these countries was a material issue for Nampak, and resulted in an overall decline in headline earnings.

In some parts of our business, slower GDP growth was not all bad: as our packaging goes into a number of staple food products, we benefited as consumers traded down to canned product – cheaper forms of protein – from fresh produce, or favoured larger beverage packs offering greater value. Some countries restricted imports of certain goods by encouraging import replacement with locally produced and packaged goods.

Believing in the African growth story

Despite the macro-economic headwinds in many African markets in 2016, we are still confident of the demographic fundamentals underpinning long-term packaging growth, and our strategic objective to accelerate growth in the Rest of Africa remains intact. We are, however, being circumspect as well as mindful of the need not to lose our first-mover advantage. We are investigating alternative mechanisms to allow us to achieve our objective without necessarily committing to significant and risky capital expenditure.

In 2016, our trading margins in the Rest of Africa continued to be attractive and our volumes showed remarkable resilience. Revenue from these businesses contributed 31% compared with 27% in 2015. Trading profit for the region made up 52% of our total, from 2015's 48%. Consumption, urbanisation and disposable income trends in sub-Saharan Africa support our investment thesis. The consumption of packaging in this region is expected to grow by 5 – 10% per annum until 2021. In South Africa, the expected growth rate is 2 – 5% a year over the same period.

Looking ahead

Although we made good progress on many fronts in 2016, in the year ahead we are not complacent: more needs to be done to improve our cash-generating ability, our operational focus and unlocking growth opportunities through greater agility and a deeper understanding of the needs of our customers. We will continue to focus on achieving an excellent overall manufacturing offering, leveraging our many important partnerships.

The changing trading environment requires us to maintain a keen eye on economic, political and market conditions, while taking a longer-term strategic view on building for the future. Ours is now a restructured and optimised organisation, with our plants by and large operating efficiently and at benchmark rates following a period of intense intervention to achieve operational excellence.

Following the substantial investments made over the past few years, the bulk of our facilities now operate the latest-generation machinery, and we have a great opportunity to use this new machinery to work hard to deliver value for us and our stakeholders. While more work is scheduled mainly in our South African Plastics business, we intend to keep a close rein on the group's total capital expenditure. Our forecast for spending in 2017 is approximately R1 billion, down from R1.4 billion in 2016.

I would like to thank Nampak people everywhere for their commitment in 2016, and look forward to their continuing contribution in taking this organisation to greater heights in the year ahead.

André de Ruyter
Chief executive officer

Bryanston
21 November 2016

Our strategy – plans and performance

Nampak's strategy is to get the best out of our business over the near to medium term, and then to grow to pursue our vision, which is to provide best-in-class packaging throughout our selected markets. We measure progress against our strategy through the key performance indicators (KPIs) of our group executive committee.

Strategic objective	Strategic imperative	Performance in 2016
Unlock further value from base business	**Actively manage our portfolio**	• Concluded sale and leaseback transaction, raised R1.7 billion with R1.3 billion capital profit • Sold stake in Sancella • Closed small general line DivFood business • Disposed of 50% share in Crown Cork Company Mozambique
	Manage costs stringently	• Concluded consultations to close Bevcan Durban • Achieved R126 million procurement savings • Reduced DivFood headcount by 180
	Manage working capital prudently	• Released R607 million from inventory and trade receivables • Saved R40 million through stock reduction at Plastics • Reduced inventory days • Introduced inventory management as executive KPI • Introduced cash management committee
	Improve business performance by buying, making and selling better	• Turned around Glass: profitable and pack-to-melt at benchmark levels • Launched Bevcan operations excellence project • Enhanced emphasis on safety, delivered LTIFR of 0.48 vs 1.2 in 2014 • Implemented marketing excellence initiatives • Reduced SKUs by 30% in DivFood and Glass • Reduced active customer accounts by 186, improving efficiencies
	Invest to compete	• Completed phase 1 of DivFood recapitalisation • Optimised organisational structure • Commissioned Bevcan aluminium line at Rosslyn • Commissioned Bevcan Springs can ends plant expansion • Commissioned various new Plastics lines • Improved project evaluation and management
Accelerate growth in the Rest of Africa	**Grow through greenfield investment and acquisitions in glass, metals and plastics**	• Was judicious with investments and managing risks • Maintained Glass in Ethiopia and Nigeria as credible opportunities
	Grow at a reasonable and sustainable return	• Moderated project pipeline because of macro-economic challenges
	Partner with major multinational customers	• Signed up large new customer in Angola • Increased Bevcan Nigeria sales volumes by 27,7%
	Sensibly manage and grow our presence in current jurisdictions	• Leveraged import replacement opportunities in Zimbabwe and Nigeria

Key: Good progress | Some progress, more to come | Disappointing

Status	Focus ahead
Good progress	• Further consolidation possible
Good progress	• Continued extraction of value and savings on total cost of ownership • Focus on operations excellence to drive efficiencies • Ensure below-inflation cash fixed cost increases
Good progress	• Further reductions in working capital • Further reduce stock days to 70 in South Africa and 90 in Rest of Africa • Streamline procurement processes • Ensure that cash is king • Increase working capital velocity
Some progress, more to come	• Drive improvements in procurement • Focus on efficiencies, reduction in down time and less overtime • Focus on reducing complexity • Optimise contribution margins and continue SKU rationalisation • Drive sales excellence for margin expansion, be data driven • Emphasise systematic and integrated approach to decision making
Good progress	• Replace outdated equipment and consolidate sites • Ensure world-class project management and execution • Return on capital invested at benchmark rates • Return on growth and restructuring capex at hurdle rate and only if working capital targets are met
Some progress, more to come	• Explore feasibility of further glass opportunities • Bevcan growth depends on market, liquidity and exchange rate
Disappointing	• Raise the hurdle rate
Good progress	• Continue to leverage strong relationships with multinationals • Extend technology partnerships to sustain market positions
Some progress, more to come	• Drive exports in select markets where margins are attractive

KPIs 2016

Among the most important in 2016 were:

- Improve safety performance
- Integrity and ethics management
- Deleverage balance sheet
- Liquidity management
- Inventory management
- DivFood plan implementation
- Bevcan spoilage reduction, project execution
- Benchmark Glass pack-to-melt ratios
- Plastics operational excellence achievements
- Project execution
- Operational excellence
- Project pipeline in place in Rest of Africa

Link to remuneration

Performance against KPIs determines a component of executives' annual STI

Nampak R&D – central to our strategic delivery

In October 2016 Nampak Research & Development celebrated 70 years of scientific and technical expertise in the development, production and use of world-class packaging. This benefits, promotes and adds value to our divisions and our customers, supporting the delivery of our service offering and the management of our material issues.

While Nampak R&D's responsibilities are many and varied, in particular the work that we do to reduce the weight of our products contributes significantly to national efforts to reduce the amount of post-consumer packaging waste. By making our products lighter, we reduce our consumption of raw materials; we require less energy to transport our finished products; and we reduce the volume of post-consumer packaging waste. This is done without affecting the integrity of our products or the requirement that they be fit for purpose. Together with our support and facilitation of the recycling, reuse and recovery of packaging, we minimise our environmental impacts while providing world-class products that protect food and beverages, and ultimately benefit our customers' sales.

In **Metals**, our aluminium beverage cans weigh 60% less than tinplate cans and are 100% recyclable. Lines that produce aluminium cans consume 17% less energy per can than those that produce tinplate cans. As the end product is lighter, these lines also reduce transport costs. Our lighter two-piece food can, which is made from 0.29mm tinplate versus 0.31 mm used previously, is now available throughout South Africa. We continuously evaluate opportunities to use lighter materials and innovative designs to ensure that we constantly improve our packaging. Some 70% of all metal packaging in South Africa is collected for recycling – comparing very favourably with rates in the rest of the world.

In **Glass**, in 2016 waste glass or cullet made up 47% of the content of our bottles. By using cullet in our furnaces, we saved 196 terajoules of energy during the year, with the benefit of fewer CO_2 emissions. We started commissioning new cullet-sorting technology that will enable cullet to be colour sorted to a much finer level, facilitating an increase in the usage of mixed cullet that we procure from glass recyclers. Four-fifths of all beer sold in South Africa is sold in returnable glass bottles, and some 41% of all glass packaging in South Africa is collected for recycling.

In **Plastics**, in the year we embarked on a project to reduce the weight of our crates, as well as that of some of our plastic closures. We reduced the weight of our 1ℓ PET milk bottle from 47g to 35.5g, while increasing its recycled PET content from 30% to 50%, as well as reducing the weight of the 2ℓ HDPE milk bottle from 43g to 38g. We continue to work on other light-weighting projects for bottles and crates. Our Infini milk bottles in the UK offer an average 16% weight saving across the range, with specific bottle sizes achieving weight reductions of up to 25%. They contain at least 20% recycled HDPE, which is forecast to grow to 50% by 2020. About 46% of all plastic packaging in South Africa is collected for recycling.

Material issues affecting our strategy

Material issues are those with the potential to significantly affect our ability to deliver on our strategy, create value and sustain the group in the short, medium and long term. The most noticeable impact of these issues in the short term is on the group's share price, which lost 25% of its value in 2016.

Managing material issues

We **identify** them by reviewing:

- Information at divisional board and group executive committee meetings
- Industry developments and the group's risks and opportunities
- Economic research
- Stakeholder engagements
- Applicable policies and regulations
- Relevant media coverage
- Input from key management

We **prioritise** them by assessing:

- Potential impact
- Our risk and reward metrics

We **respond** to them by:

- Evaluating the effect on our risk tolerance and risk appetite
- Putting in place management actions to mitigate against negative outcomes
- Considering the trade-offs between the capitals

We **report** on them:

- At regular board and sub-committee meetings
- To shareholders in formal reporting sessions
- To employees and unions through structured channels
- Through industry bodies

We **monitor** them:

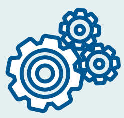
- Against internal and published performance targets
- Against competitor activities
- In consultation with our suppliers and customers

Identifying material issues

In 2016, we identified five material issues:

Challenging **macro-economic environment** in key markets

Liquidity restrictions and the exposure of restricted cash to **currency volatility**



Our **operational and financial** performance

People – safety, skills and transformation

Uncertain **regulatory and policy** environment

Material issues affecting our strategy continued

	Material issue
Challenging **macro-economic environment** in key markets	In our key markets the economies were weak and currencies were volatile. Lower commodity prices dampened macro-economic demand and led, in some cases, to a national shortage of foreign currency albeit trading in Nigeria remained strong. Government revenue came under pressure, with an impact on consumers, who cut spending. In South Africa, manufacturing conditions and investment sentiment were poor, further depressed by the possibility of a sovereign credit downgrade in December 2016. Consolidation of both the competitive and customer landscape continued.
Liquidity restrictions and exposure of restricted cash to **currency volatility**	The sharp fall in oil prices from above US$110 a barrel in mid-2014 to below US$30 in early 2016 hit oil exporters Angola and Nigeria hard. It led to lower export earnings, a steep decline in their currencies and shortages of foreign currency. In line with IFRS, the functional currency for Bevcan in Angola and Nigeria is the US dollar, and that for our paper and metals businesses in Nigeria is the naira. In our accounts, when translating from functional currency to our reporting currency, all movements in monetary items are processed through our profit and loss statement. This resulted in a foreign exchange loss of R681 million against a loss of R161 million in the prior year.
Our **operational and financial** performance	The levels of spoilage at Bevcan Springs plant improved but remained above target. At the Bevcan Rosslyn facility, a second aluminium line was commissioned and ramped-up, in line with expectations. We restored Glass to profitability. Operationally, Bevcan Angola and Nigeria performed very well. Plastics put in place the foundations required for enhanced performance. We restructured our balance sheet, which was stressed by years of high capital expenditure and a generous dividend policy. We readjusted to the financial implications of recent divestitures. We devoted considerable attention to addressing our post-retirement medical aid liability, which had grown significantly. Net gearing was reduced from 72% to 49%.
People – safety, skills and transformation	Ensuring the safety of our people and that of our contractors is critical. Tragically in the year, an electrical contractor died in a high-voltage incident and two people were killed when a contractor driving a Nampak truck lost control of his vehicle. Our overall safety performance improved. Nampak continued to face a shortage of skills. The fall in Nampak's share price had implications for our ability to retain key talent. In South Africa, the meaningful transformation of society from one characterised by huge inequality remained vital.
Uncertain **regulatory and policy** environment	A significant regulatory burden is being placed on South African manufacturing, and packaging in particular. New broad-based black economic empowerment (B-BBEE) codes recently came into force. The increased regulatory burden includes implications of the National Pricing Strategy for Waste Management Charges; the requirement of the Department of Environmental Affairs (DEA) to prepare and submit for government approval waste management plans; the planned tax on carbon emissions and the proposed tax on sugar-sweetened beverages.

Implications for value	Our strategic response in 2016
• Decline in demand for packaging products • Upward pressure on inventory levels as customers drew down less than forecast • Downward pressure on revenue, margins and earnings • Dollar-denominated debt's exposure to rand/dollar exchange rate volatility • Hampered potential for organic growth as well as opportunities for new investments • Any downgrade in South Africa's sovereign rating could increase our cost of funding	• Restructured the balance sheet to reduce impact of any sovereign downgrade • Worked to improve operational and business performance by – Buying better – cut procurement costs by R126 million – Making better – implemented operations excellence, made management changes, reduced headcount – Selling better – rationalised product offering, reduced complexity • Improved forecasting, planning, procurement and information management
• Limited our ability to settle debt with internal creditors (Isle of Man treasury) • Reduced cash balances at group level due to weaker naira and kwanza while cash balances in Nigeria and Angola rose to R2.0 billion from R700 million • Abnormal foreign currency translation losses of R681 million and significantly reduced group profitability	• Increased engagement with local regulators, central banks and credit providers • Leveraged position as major manufacturer in Angola and good relations with authorities to extract restricted cash • Hedged US$45 million in Angola via US dollar-indexed kwanza bonds • Secured US$27 million in dollar deliverable forwards in Nigeria • Restructured our debt both locally and in Rest of Africa • Continued to link Bevcan Nigeria product pricing to US dollar • 50% of cash in Nigeria and Angola hedged • Cash extraction in Nigeria and Angola improved from 59% to 77%
• Improved prospects for efficiencies, profitability, longer-term returns to investors • Vulnerability to weaker rand – for every R1 easing in the rand/dollar in 2016, our US dollar debt increased by R389 million • Pressure on ability to meet loan covenants • Post-retirement medical aid liability of R1.5 billion prior to an alternative annuity offer to pensioners	• Successfully implemented numerous interventions to improve operational efficiencies • Restructured the balance sheet: – Entered property sale and leaseback deal, raising R1.7 billion and reducing liabilities accordingly – Released R607 million from inventories and trade receivables – Limited capital expenditure to R1.4 billion – Suspended 2016 dividend, reduced net gearing from 72% to 49% which is within the 40% to 60% target range – Offered pensioners alternatives to post-retirement medical aid, reducing liability by R393 million to R1.1 billion – Renegotiated loan covenants; applied transformative cash management system – Cash extraction increased from 59% to 77%
• Unsafe operations harm people, the environment, quality and our reputation • Insufficient skills may impact our ability to meet customer requirements • Inadequate skills could harm operational effectiveness and ability to deliver on strategy • Potential to affect revenue, profitability, investor returns and tax payable to authorities • A transformed society in the workplace, with greater equality, is a more sustainable one	• Introduced group-wide behaviour-based safety initiative • Firmed up succession plans for all managerial positions • Injected new, diverse talent as opportunities arose • Provided executive coaching to facilitate people development • Delivered management training aligned with recognised qualifications • Offered specific technical training; committed to inclusive growth
• Our contributor status under the new B-BBEE codes will decline • Waste management levies will place local manufacturing at a structural disadvantage • Additional fees could change the industry's recycling of post-consumer packaging • Failure to remain compliant could lead to penalties and harm our licence to operate • Profitability will be pressured, impacting returns to investors	• Drove multi-pronged B-BBEE approach, with clear development and succession plans • Maintained our significant contributions to recycling • Sustained our efforts on greater light-weighting of products • Engaged constructively with policy makers on proposed regulatory changes • Focused on unlocking further value from base businesses to build resilience to withstand requirements of greater regulatory burden

Social, ethics and transformation activities

Through our focused social, ethics and transformation activities we are able to address many of our material issues.

Transformation

Transformation is a strategic imperative of the company and receives ongoing attention. The social, ethics and transformation committee monitors the company's performance against its Broad-Based Black Economic Empowerment targets in each category on the scorecard and is pleased with the steady improvement and overall target achievement. The Empowerdex audit of our B-BBEE score was not finalised by year-end and thus the Level 3 contributor status achieved during 2015 reflects the latest position. It is anticipated that this status level will drop as a direct result of the introduction of the new codes. We continue to develop and implement strategies to improve this position.

We are pleased to report that Nampak received the prestigious Black Management Forum's ''Most Progressive Company of the Year'' award for ''promoting and championing black leadership development''.

The lock-in period of The Nampak Black Management Trust (the Trust") which was established in October 2005 as part of Nampak's B-BBEE transaction expired on 31 December 2015. Nampak originally provided a founding grant to the Trust which purchased 27 369 195 Nampak shares at a price of R15.13 per share. The shares were allocated to 679 black managers in the employ of Nampak (the beneficiaries) and the Trust required these shares to be released to the beneficiaries on expiry of the 10-year lock-in period at 31 December 2015. On expiry of the lock-in period, the Trust was required to sell sufficient shares to pay Nampak an amount equal to the founding grant plus a notional return equal to 85% of the prime overdraft rate, less any dividends received by the Trust on the shares that it owned (the hurdle rate).

At 31 December 2015, 189 beneficiaries were still in the employ of Nampak, while 490 of the beneficiaries had left Nampak.

The share price at 31 December 2015 was above the hurdle rate, and all the beneficiaries who were no longer active employees of Nampak either sold all their shares or sold sufficient shares to pay the income tax that was due with the balance of the shares transferred into their own names.

Active employees were provided the same options as the beneficiaries who left Nampak but were also provided with an additional option that allowed them to extend their participation in the Trust to 15 February 2017. At that point, if the share price is below the hurdle rate at that date, their participation will be automatically extended to 31 December 2017. The decision to provide extended participation to active employees was premised on the basis that, as managers still in the employ of Nampak, they could be able to contribute significantly to Nampak's performance and profitability during the period of the extension, thereby helping to improve the Nampak share price and potentially their own personal reward. Fifty-eight managers elected to extend their participation in the Trust. As at 30 September 2016, the hurdle rate was higher than the share price.

Corporate social investment

Nampak's corporate social investment approach has been in place for a number of years and we are pleased with the long-term relationships that have been formed with the seven carefully selected schools that we sponsor in areas near our operations. During the year, three of our bursars joined the Nampak graduate development programme. We are pleased to advise that for the third time in five years, Nampak achieved second place in the South African Top Graduate Employers of 2016 in the manufacturing category.

Enterprise development

We continue to seek opportunities to sustainably increase our participation in enterprise development activities. We continued our support for several enterprise development initiatives during 2016, including TinPac packaging, Last Drop Juice and Vukani MaNtuli. The disposal of the Nampak Sacks division was also concluded within the principles of supplier and enterprise development.

Integrity and ethics

The committee considered and is satisfied with the progress in monitoring the company's compliance with the company's code of conduct and business ethics and the United Nations Global Compact's 10 principles on human rights, labour, the environment and anti-corruption. The committee is pleased to report that there were no reportable offences during the year.

A code of conduct and business ethics is enforced throughout the group. All directors and employees, irrespective of the country in which they are employed, are obligated under the same code to act with honesty and integrity and to maintain the highest ethical standards. The committee ensures that the code is enforced and by monitoring disciplinary action and sanctions can report that appropriate action has been taken.

Nampak operates 'Tip-Offs Anonymous', a hotline which allows callers to report confidentially on any violations of Nampak's policies and procedures. All disclosures received, resultant investigations and the outcome thereof are communicated and reported to the social, ethics and transformation committee as well as the audit committee. A total of 24 (22 in 2015) reports were received during the year under review, which resulted in six (six in 2015) disciplinary hearings and one (six in 2015) dismissal.

In addition to Tip-Offs Anonymous reports, 33 (57 in 2015) forensic reviews were conducted during the year. The reviews resulted in 12 (18 in 2015) disciplinary hearings, which led to three (12 in 2015) dismissals. The remaining reviews did not reveal substantiated evidence of misconduct or irregularities.

No human rights violations were reported during the year, nor were any material incidents of corruption detected or reported.

Health and safety

The committee recognises the importance of health and safety in the workplace and monitors performance against safety targets. We are pleased with the overall improvements in safety performance at our manufacturing operations and continue to support the linkage of safety performance to individual incentive bonus payments. OSHAS 18000 certification or equivalent is held at 16 sites.

Customer relationships

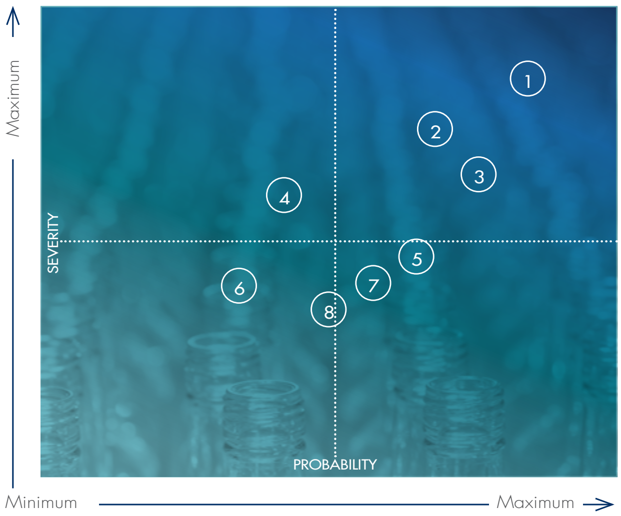
The committee reviewed performance against consumer legislation and regulations and noted that there were no material breaches. We were pleased to note that 38 out of 51 manufacturing sites held ISO 9001 certification. In addition, the manufacturing operations receive certification for various food safety standards with 32 out of 51 operations holding the standards required by their customers. Our smaller operations are subject to peer audits on a regular basis where it is not appropriate to implement and audit the full standard requirements.

For the full report of the social, ethics and transformation committee, see .

Our material risks and opportunities

We determine Nampak's most material risks through our risk management process (details of which appear in the group's corporate governance report on the website.) We consider each risk's potential impact on the achievement of the group's strategy, as well as the probability of each arising. The risk rating position on the heat map reflects the residual risk position after considering the effectiveness of the mitigation strategies. We have ranked these risks in order of their magnitude, although we recognise that these positions may change during the year. We have provided a forward looking view of the risks and opportunities that we believe may impact future performance.

Nampak's – Top 8 risks



1. Dependency on foreign exchange liquidity and currency movements
2. Tough macro-economic and political conditions in our key markets
3. Uncertain regulatory and policy environment
4. Financial underperformance at operations
5. Uncontrollable increases to defined benefit liabilities
6. Inadequate people, culture and diversity development
7. Customer retention
8. Dependency on limited suppliers

How we performed against our top four risks:

1	Our financial results were severely impacted by our dependency on foreign exchange liquidity and currency fluctuations	Despite having little management control, we performed well during the year. We protected group liquidity and significantly deleveraged the balance sheet and restructured debt profiles
2	The tough macro-economic environment and political conditions impacted demand in our key markets	We remain firm in our view of the long-term fundamentals for investing in Africa and that our alignment with major multinationals in these regions will create the anticipated value over the medium term
3	Uncertain and demanding regulatory and policy framework changes in South Africa continue to hamper operations in the manufacturing sector	We are hopeful constructive engagement between government and industry will bring about sensible solutions that align regulatory requirements with growth progression and job creation
4	The divisions have improved their financial and operational performance even though demand across most products was weak. Glass returned to profitability and spoilage at our Bevcan Springs operation reduced	Improved safety and operational excellence performance and general modernisation of our equipment resulted in an overall improvement in our operational performance across all substrates. We have the capabilities and capacity to meet and benefit from any increase in demand

Our material risks and opportunities continued

1 Dependency on foreign exchange liquidity and currency movements

Mitigation strategies:

- Foreign exchange US dollar hedge strategies applied in Nigeria and Angola, with active cash extraction and hedged structures in place particularly in Angola
- Foreign currency capital expenditure tightly controlled and hedged
- African financing facilities restructured in line with expected recovery in the oil price
- Sale and leaseback of South African properties released R1.7 billion in cash
- Balance sheet deleveraged and group's covenant positions strengthened
- Reduced gearing has resulted in lower interest rates
- Strong focus on inventory management released cash and continues to form a component of the group's incentive bonus targets for 2017

Looking forward:

- Dollar availability in country in the medium term impacts negatively on local performance from Nigeria, Angola and possibly Zimbabwe
- Currency volatility continues to have bearing on financial results

Opportunities for value:

- Oil prices are expected to stabilise in the medium term which may steady liquidity and currency movements
- Strengthened balance sheet is able to withstand further volatility

2 Tough macro-economic and political conditions in our key markets

Mitigation strategies:

- Long-term fundamentals for investment in African markets remained intact
- Leveraged existing customer relationships
- Our market positions remained strong with more than 60% of our customer base consisting of large multinationals with strong brands with very strong credit ratings
- Robust project pipeline established to capture further growth

Looking forward:

- Slow consumer demand and high inflation restrict customer demand
- Increase in inventory levels as a result of continued reduced demand
- Volatile rand exchange rate given political uncertainty
- Potential downgrade of South Africa's sovereign credit rating
- Persistently low oil price

Opportunities for value:

- We are well positioned to take advantage of any organic growth
- A moderate recovery in business confidence, which is at its lowest in 30 years, would increase customers' willingness to spend

3 Uncertain regulatory and policy environment

Mitigation strategies:

- Continued engagement with South Africa's DEA, dti and Treasury on all aspects of proposed legislation both directly or in conjunction with industry bodies
- Glass and plastics converters already participate in well established industry producer responsibility organisations (PRO) which will be a requirement under the proposed legislation. Voluntary industry levy collections are used to support recycling initiatives. While metals have been actively involved in recycling initiatives, a formal PRO is not in place, however, it will be established within appropriate timeframes
- Recycling rates of post-consumer packaging waste in South Africa are steadily improving across all substrates (refer to pages 59 to 67 for statistics)
- Sustained our efforts at light-weighting products

Looking forward:

- Promulgated legislation which is not aligned with current industry initiatives, specifically post-consumer waste management, carbon tax and sugar tax
- Complex regulatory environment making it difficult to comply with all legislation at all times

Opportunities for value:

- Active participation in industry forums which decreases the severity of proposed regulation and provides a balance with economic growth requirements

4 Financial underperformance at operations

Mitigation strategies:

- Glass turned around and profitable with pack-to-melt ratios at benchmark levels
- Continued focus on reduction in SKUs
- Increased focus on forecasting resulted in improved planning
- Introduced group-wide behaviour-based safety initiative
- Operations excellence initiatives and programmes created improvements in efficiencies and costs in all divisions
- Spoilage reduced at Bevcan's Springs operation

Looking forward:

- Opportunities for attracting new customers in support of the turnaround strategy for Plastics UK operation

Opportunities for value:

- Modernised operational base at favourable exchange rates provides barriers to entry of competitors
- We are well positioned to increase market share and operating margins generally
- Diversification from milk products to include juice and other products improve operational leverage in the United Kingdom

5 Uncontrollable increases to defined benefit liabilities

Mitigation strategies:

- Good progress made on settlement of the post-retirement medical aid liability accorded to South African pensioners younger than 75 years. At 30 September 2016, 475 pensioners had selected an annuity benefit in lieu of future subsidies by the company. At the closing date of the offer on 15 October 2016, 947 of 1 285 pensioners had responded with 73% of these pensioners opting for the alternative annuity offer. We will continue to trace the remaining pensioners so that they are given the same opportunity
- The defined benefit liability reduced significantly by year-end
- Cash value of acceptances at year-end of R406 million
- Further uptake in South African PRMA annuity offer
- Commenced investigation of de-risking opportunities with the trustees of the Nampak Staff Pension Plan in the United Kingdom

Looking forward:

- Ability to realise de-risking approaches in the UK pension plan

Opportunities for value:

- The relationships between gilt yields and inflation in the United Kingdom may improve as Brexit concerns reduce, thereby significantly reducing the funding requirement for the pension plan
- Stronger balance sheet and income statement to support future growth opportunities

6 Inadequate people, culture and diversity development

Mitigation strategies:

- Implemented a process of defining divisional staff establishments
- Quarterly group talent management reviews introduced which exposed critical skills gaps
- Compulsory employee performance management for managers linked to remuneration
- Continued training and development initiatives at all levels
- Invaluable partnerships with global manufacturers including technical support
- Strong and continued focus on the attraction, retention and training and development of black managers in South Africa, including increased female representation

Looking forward:

- Skills shortages in areas where we operate
- Education structures in South Africa fail to deliver requisite technical skills
- Potential negative rating as a result of application of the new B-BBEE codes

Opportunities for value:

- Employee productivity improvements
- Established internal technical training facilities able to accommodate an increased number of apprenticeships and learnerships

7 Customer retention

Mitigation strategies:

- Value-added benefits provided by Nampak's R&D facilities:
  i. Product innovation
  ii. Testing of packaging performance
  iii. Evaluation of packaging light-weighting opportunities
  iv. Microbiological assessments in respect of food and beverage safety
- Established long-term relationships supported by long-term contracts
- Maintained and progressed appropriate quality, health and safety, and food and beverage standards to meet customer audit requirements

Looking forward:

- Customer consolidation increases pressure on margins and volumes and requires strong adherence to contractual terms to avoid renegotiation
- Continued pressure on quality and service
- New converters targeting our market share

Opportunities for value:

- Capability and capacity from recent capital expenditure enables growth with existing customers and attraction of new customers
- Capital expenditure approved to modernise R&D equipment in 2017

8 Dependency on limited suppliers

Mitigation strategies:

- Commenced journey to improve procurement maturity in the group
- Negotiated supply agreements with service providers
- Established and tested alternative supply arrangements
- Continued review of opportunities to reduce energy and water usage in our operations

Looking forward:

- Possible extended drought and resultant water shortages
- Pressure on energy supply when economic conditions improve
- Increases in costs above inflation for energy and water which are difficult to pass on to customers

Opportunities for value:

- Targeting further savings from procurement initiatives
- Ensure compliance with and optimisation of supplier payment terms
- Alignment of inventory holdings with supplier delivery and payment terms

Chief financial officer's review

Confronting challenges, optimising our position

Financial highlights

- Group revenue of R19.1 billion increased by 11%
- Group trading profit of R1.9 billion improved by 4%
- Trading profit from Rest of Africa of R990 million was up 12%
- Glass operation turned around, delivered profit of R105 million compared to loss of R81 million in prior year
- Group operating profit of R2.2 billion up 29%, benefiting from sale and leaseback transaction
- Dollar illiquidity in Nigeria and Angola resulted in R681 million abnormal foreign exchange loss
- Impairment of assets adversely impacted earnings by R360 million
- EPS up 11%
- HEPS down 48% due to forex losses, increased interest costs and higher effective tax rate
- Sale and leaseback transaction raised R1.7 billion, boosting equity by R1.3 billion and reducing interest-bearing debt
- Group gearing ratio reduced from 72% to 49%
- Covenants well managed
- Balance sheet structure substantially strengthened
  - R2 billion short-term funding converted to long term
  - Current ratio improved 50% from 1.0 times to 1.5 times
- Capital expenditure managed in line with guidance of R1.4 billion to the market with reduction of R0.8 billion from prior year
- R561 million released from net working capital compared to absorption of R669 million in prior year
- PRMA liability addressed
- Net increase in cash generated of R1.8 billion compared to utilisation of R0.1 billion in prior year
- Net increase of R4.2 billion in cash and cash equivalents compared to net decrease of R1.5 billion in the prior year
- No final dividend in line with group's efforts to conserve cash and strengthen the balance sheet further

Focus area	How we did in 2016
Capex management	↑
Working capital management	↑
Forecasting	↑
Managing liquidity in Rest of Africa	→*
Optimising the balance sheet	↑
Managing down gearing	↑
Focusing on cash generation	↑
Creating a platform for growth	↑

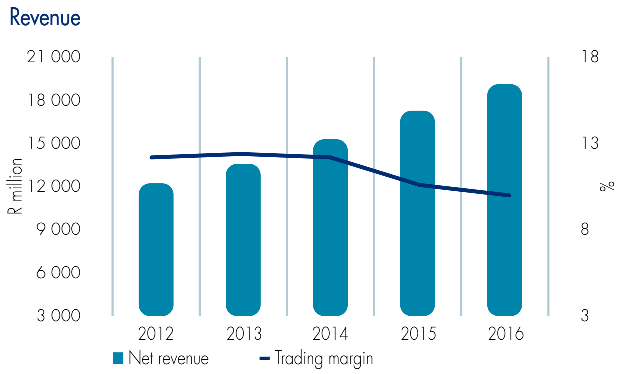
** Continuous work required.*

Overview

In 2016, Nampak rose to the challenges presented by the difficult macro-economic conditions that we faced. We identified various opportunities to improve our financial structure and processes, successfully implementing a number of initiatives that assisted the group in its journey towards sustainable value creation. By restructuring the balance sheet, we placed Nampak in a much stronger position from which to leverage opportunities, reduce costs and enhance profitability.

Determined to improve our cash position, we introduced a new cash management system that instilled much more rigour in our processes, allowing our refocused team to take charge of our cash position on a daily basis. We readjusted to the financial implications of prior year divestitures; fundamentally changed our approach to working capital management by giving particular attention to restoring inventories to lower, more acceptable levels; and renegotiated our loan covenants with lenders with regard to the exchange rate at which these are measured for the March 2016 and September 2016 measurements respectively. We kept a tight lid on capital expenditure, completing already approved capital projects and worked to improve our forecasting abilities. In this way, we managed the material issues the group faced in the year.

Growing revenue



Revenue increased by 10.7%, a pleasing performance in challenging trading conditions. Bevcan Nigeria and Nampak Glass recorded respective revenue growth in excess of 50% and Bevcan in Angola and our metals business in Nigeria posted increases in revenue in excess of 20%. Glass achieved a revenue growth of 18% after adjusting for the prior year turnover of R251 million generated and capitalised net of operating costs during the start-up phase. The performances in Nigeria and Angola are notable given the significant drop in oil prices in the year and expectations in some quarters that this would result in declining revenue for Nampak operations in these two oil-dependent countries. Stable production at our Glass operation in South Africa was fundamental to the growth in turnover and return to profitability.

Trading margins from operations increased from 9.8% to 10.5% primarily due to cost savings and the turnaround achieved in Glass. Increased centre costs related to unrealised foreign exchange losses on forward exchange contracts and project-related costs resulted in group trading margin declining from 10.6% in 2015 to 10.0% in the current year.

Benefiting from the improved performance of our major businesses

Nampak's overall business performance, net of the losses resulting from macro-economic events beyond the control of management, displayed some distinct highlights. Bevcan in Angola and Nigeria contributed one third of group trading profit in the year and, after a difficult 2015, Nampak Glass recorded a R186 million positive swing in profitability at the trading profit level. Together these three businesses made a significant contribution to the overall performance of the group despite trading profit in Angola declining. In light of the continuing weak outlook for economic activity in South Africa, contributions from the group's higher-margin businesses in the Rest of Africa remain central to the group's prospects and continued value creation.

Restructuring the balance sheet – sale and leaseback

The single most important element of the restructuring of Nampak's balance sheet in the year was the sale and leaseback transaction concluded with Imbali Props 21 Proprietary Limited. In terms of the deal, Nampak transferred ownership to Imbali of 15 of our industrial properties, which we are leasing back at rentals similar to those previously paid by Nampak's operations to Nampak's property division, as well as the outright sale of another property to Imbali. On 1 September 2016, we received R1.7 billion as full consideration for this transaction, resulting in a capital profit of R1.3 billion that has been disclosed as an abnormal item given its nature and size. Utilisation of past capital losses has resulted in a deferred tax asset being raised during the year, with minimal tax consequences attributable to the disposal. The lease has been classified and recognised as an operating lease in terms of the criteria set out in IAS 17 *Leases*. Fourteen of the properties were leased for an initial period of 15 years with an option to renew the lease for one additional period of 10 years, and an option to repurchase the properties at market-related prices on termination of the lease. One property was leased for a period of three years. Escalation of rentals is provided for in the lease agreements at inflation-related rates.

As part of our efforts to deploy capital for the highest return and to deleverage and de-risk the balance sheet, we applied the proceeds of this transaction to reduce interest-bearing debt as well as addressing our growing post-retirement medical aid (PRMA) liability. The transaction boosted equity, significantly reduced interest-bearing debt, playing a pivotal role in the restructure of the group balance sheet and substantially reduced the risk of any breach of the group's loan covenants during a year that was characterised by volatile rand/dollar exchange rates. Our debt to equity ratio declined to 49.0% at year-end, from 71.8% at 30 September 2015, significantly improving the group's balance sheet structure and creating a platform for future growth.

Reducing our post-retirement medical aid liability

In recent years, Nampak's post-retirement medical aid liability grew sharply as longevity of pensioners increased and medical costs expanded faster than inflation. In 2016, we devoted considerable attention to addressing this liability, which had reached R1.5 billion by September 2015. By offering pensioners below 75 years of age alternatives to the post-retirement medical aid, we reduced our liability by R393 million to R1.1 billion, continuing to fulfil the promise made to pensioners without Nampak having to continue to carry this risk on the group balance sheet with a concomitant reduction of the group's long-term liabilities. The effect of the acceptance at year-end, of the annuity option offered and accepted by pensioners, will be a pay-out of R406 million and a curtailment benefit of R84 million.

Nigeria and Angola: liquidity constraints and currency devaluation

The collapse in the global crude oil price from above US$110 a barrel in mid-2014 to below US$30 in early 2016 had far-reaching impacts on the economies of oil-dependent countries. Consequently, it led to the economies of Angola and Nigeria recording sharply lower export earnings, a steep decline in their currencies and dire shortages of dollars to fund dollar-denominated imports. The liquidity trends in our Nigerian and Angolan operations changed during the year under review with the good liquidity achieved in Nigeria during the prior year not being repeated in 2016 as a consequence of the uncertainty and liquidity constraints that arose in the Nigerian foreign exchange market ahead of and after the lifting of the naira's peg on 20 June 2016. We actively pursued opportunities to convert naira into dollars with moderate success.

Over the past year, the macro-economic environment in Nigeria and Angola has remained under pressure with the timing and quantum of conversion from in-country currencies to US dollars uncertain and sporadic. Nampak operations in both countries remain adequately funded with raw material supply secured through the group's offshore buying and treasury office located in the Isle of Man. During the year we successfully managed down inventory levels and to the extent possible secured appropriate hedging instruments, thereby mitigating the foreign exchange risks. This, together with reduced capital expenditure in these countries in the year, resulted in a 43% decrease in overall supplies secured by the Isle of Man on behalf of Nigeria and Angola.

At 30 September 2016 the equivalent of US$45 million indexed kwanza bonds were acquired as a hedge, up from the US$25 million at 31 March 2016. For the year ended 30 September 2016 repayments in an amount of US$40 million were received in respect of goods and services procured on behalf of the Angolan operation representing liquidity of 95% (2015: 31%) of invoices presented for payment in the year, with the IOM funding the shortfall through financing facilities. The securing of these bonds materially assisted the group's hedging activities but did not offer immediate convertibility into dollars. In the year to 30 September 2016, the kwanza depreciated by 23% against the US dollar. There is, however, an actively traded secondary market for these Angolan government-backed bonds.

In 2015 the US dollar cash extraction rate in Nigeria exceeded that achieved in Angola; however, 2016 saw improved cash extraction from Angola while that from Nigeria declined. Significant regulatory uncertainty in Nigeria before and after the unpegging of the naira on 20 June 2016 placed significant pressure on Nampak's ability to receive US dollar allocations.

During the year the equivalent of US$27 million in dollar deliverable forward contracts were secured as a hedge for the Nigerian operations, with the majority maturing during November 2016. In addition, repayments in an amount of US$23 million were made to the IOM in respect of goods and services procured on behalf of the Nigerian operations representing liquidity of 57% (2015: 91%) of invoices presented for payment in the year. This excludes the aforementioned hedge. Again, the IOM funded the shortfall through financing facilities. In the year to 30 September 2016, the naira depreciated by 58% against the US dollar.

On translation of the Nigerian and Angolan monetary items to the US dollar for dollar functional currency operations and the dollar-based liabilities to naira and kwanza respectively at the ruling official exchange rate, the group incurred R681.0 million (2015: R160.5 million) in abnormal foreign exchange losses with Nigeria contributing the majority of this loss.

At 30 September 2016 Nampak cash balances in both countries amounted to R2.0 billion, up from R1.5 billion at 31 March 2016 and R700 million at 30 September 2015. The cash balances at 30 September 2016 are after taking into account the R681.0 million foreign exchange losses.

No repayments on capital loans, remittance of interest on loans or dividend extractions were possible during the year. During the year US$10 million was classified as part of the net investment in the Nigeria metals and cartons businesses in terms of IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

At the year-end, R990 million or 50% of these cash balances were hedged.

The increase in the cash on hand represents a combination of profit generated in the period, the liquidity shortfall funded by the Isle of Man treasury operation and various foreign exchange translation differences on consolidation. These foreign exchange losses have been disclosed as abnormal items as they are not directly attributable to normal trading and relate to in-country US dollar shortages. All foreign currency translations and foreign currency transactions are translated using the official exchange rate in line with the requirements of International Financial Reporting Standards and foreign exchange regulations in individual countries.

The group remains committed to the operations in these countries with the overall long-term investment rationale based on the demographics underpinning growth in packaging being sound. The group has adequate funding for operations in the Rest of Africa and is well positioned to benefit in the medium to long term.

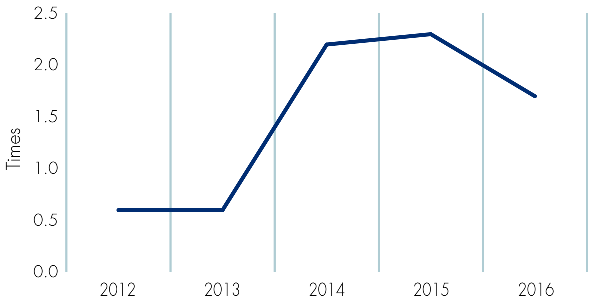
Performing on our loan covenants

Nampak has two defined loan covenants. The first is net interest-bearing debt to EBITDA cover of not more than three times. The second is to maintain an EBITDA to net interest ratio of not less than four times. Through our work in the year, most notably the sale and leaseback transaction and our working capital optimisation programme, our performance with regards to the first loan covenant was very encouraging. It improved to 1.7 times by year-end from 2.3 in 2015 and well below the upper limit of 3.0 times reflecting the improved balance sheet structure.

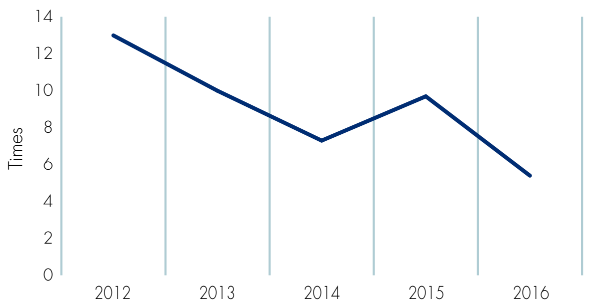
Our performance with regard to the second covenant – EBITDA to net interest for covenant purposes declined from 9.7 times in 2015 to 5.4 times in 2016 but was still satisfactory and ahead of the required 4 times. This was mainly the result of higher interest costs resulting from consistently higher levels of interest-bearing debt for a significant portion of 2016 due to the balance of the capital expansion programme having been funded, as well as higher interest rates in South Africa.

Given the rand/dollar exchange rate volatility in 2016 and the group's exposure to US$378 million interest-bearing debt, we renegotiated debt covenants with our lenders for the 31 March 2016 and 30 September 2016 measurement periods. The renegotiated position allowed both the EBITDA and the interest-bearing debt to be converted at the average rate for the periods as opposed to the interest-bearing debt being measured at the spot rate at the measurement date. This position substantially reduced the risk of a covenant breach during the negotiation period of the sale and leaseback given the extreme volatility in the rand/dollar exchange rate. The restructuring of the balance sheet allowed the group to operate well within the covenants, creating a platform for growth.

Net debt to EBITDA (covenant <3 times)



EBITDA/interest cover (covenant >4 times)



Profit for the year under review

From continuing operations	2016 Rm	2015 Rm	Variance %
Revenue	19 138.9	17 291.3	10.7
Trading profit	1 905.1	1 839.6	3.6
Abnormal items – profits/(losses)	257.7	(158.2)	
Operating profit	2 162.8	1 681.4	28.6
EBITDA*	3 434.9	2 605.1	31.9
PBT	1 677.4	1 398.6	19.9
PAT	1 478.3	1 456.1	1.5
EPS – cents	254.5	228.3	11.5
HEPS – cents	107.6	208.2	(48.3)
Ordinary dividend – cents	–	134.0	

** Adjusted for impairments*

Nampak's trading profit increased by 3.6% to R1 905.1 million in 2016 from R1 839.6 million in 2015, primarily due to Bevcan Nigeria's pleasing performance, the recovery by Nampak Glass and improved performances from DivFood, Plastics' Liquid Packaging and our Zimbabwe operations. These results were partially offset by increased corporate costs related to various projects and treasury-related unrealised foreign exchange losses at year-end compared to unrealised foreign exchange profits in the prior year. A pleasing turnaround was achieved at Glass with a trading profit of R105 million delivered, compared to a trading loss of R81 million in the prior year with stable production contributing significantly to the improved performance. Glass's trading loss in the prior year of R76 million has been restated to include unrealised foreign exchange losses previously disclosed as abnormal.

Bevcan South Africa's volume decline was more than offset by improvements in operating efficiencies. DivFood delivered a pleasing result off the back of its recapitalisation plan, cost efficiencies and improved focus.

Bevcan Nigeria continued to gain market share with strong growth in trading profit. DivFood's recapitalisation programme and cost-saving initiatives resulted in improved operational efficiencies with a concomitant improvement in profitability. Our UK Plastics business experienced difficult trading conditions, leading to volume and margin pressures with the result partially offset by a once-off credit to earnings of R45 million due to a change in the pension plan rules.

Trading profits in Metals increased by 7%, Plastics by 8% and Paper by 12% with margins in Metals and Plastics being similar to the prior year. Trading margins in the Paper division declined from 14.4% in the prior year to 13.5% in 2016 primarily due to a contraction of margins in Zambia. The trading profit in the Metals division takes into account a reduction of R122 million in the Bevcan operations' depreciation as a consequence of applying the units of production method to can lines that are not operating at full capacity as opposed to the straight-line method used in the prior year.
IAS 16 *Property, Plant and Equipment* paragraph 61 requires that the depreciation method applied to an asset will be reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method will be changed to reflect the changed pattern. Such a change will be accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. In line with this International Financial Reporting Standard, we changed the method of depreciation for can lines not operating at full capacity. Once operating at full capacity the units of production method will equate to the straight-line method. This is considered a change in estimate of the consumption of the asset over its economic life.

Given the unfavourable macro-economic environment both in South Africa and the rest of the world, these trading results were pleasing.

Impairments

The group performed impairment testing on the carrying value of goodwill and concluded that no goodwill impairment was required for the year ended 30 September 2016.

The tinplate beverage can line in Angola has been impaired, consistent with the group's intention to replace it with an aluminium line, from existing kwanza cash balances subject to the allocation of the required foreign exchange by the Angolan authorities. Total asset impairments during the year were R360.4 million (2015: R121.4 million).

Abnormal items

	2016 Rm	2015 Rm
Profit on disposal of property subject to sale and leaseback	1 318.9	–
Profit on disposal of other property	15.2	102.5
Profit on disposal of investments	3.5	–
Devaluation loss arising from Nigerian and Angolan illiquidity	(681.0)	(160.5)
Net impairment losses on property, plant, equipment, intangible assets, investments and shareholder loans	(360.4)	(121.4)
Retrenchment and restructuring costs	(34.1)	(77.3)
Gain on revaluation and consolidation of Zimbabwe associates	–	124.2
Business acquisition-related costs	(4.4)	(25.7)
Net gain/(loss)	257.7	(158.2)

During the year, a net gain of R257.7 million was made on abnormal items compared to a net loss of R158.2 million in the prior year. A net profit of R1 318.9 million was achieved on the sale and leaseback transaction. Dollar illiquidity in the Nigerian and Angolan markets resulted in a foreign exchange loss of R681.0 million with the majority of the loss being attributable to the Bevcan Nigerian operation. In the prior year, the R160.5 million loss arose in Bevcan Angola and Bevcan Nigeria. The net impairment losses on property, plant, equipment, intangible assets, investments and shareholders' loans relates in the main to the R278.0 million impairment of the Bevcan Angola tinplate line. Retrenchment and restructuring costs relate to the closure of the Bevcan Durban operation.

EBITDA (adjusted for impairments)

EBITDA improved from R2 605.1 million to R3 434.9 million and benefited from improved operational performances, the capital profit on the sale and leaseback transaction but was negatively impacted by the foreign exchange losses and impairments.

Finance costs

Net finance costs increased 74% to R485.5 million as a consequence of increased interest rates, the funding of the capital expenditure programme embarked upon in prior years and a significant reduction in capitalised interest from R100.0 million to R37.9 million in the current year, as projects near completion.

Profit before tax

Profit before tax of R1 677.4 million reflected a 19.9% improvement over the prior year aided by the capital profit on the sale and leaseback transaction which was partially offset by foreign exchange losses incurred in Nigeria and Angola and impairments of certain plant and equipment.

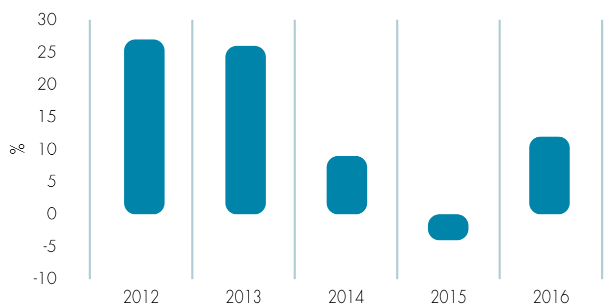
Managing taxation

Nampak has a good record of managing the group's taxation affairs: we prioritise compliance in all respects across several jurisdictions while optimising allowable deductions and taking opportunities to the full extent possible. In 2016, we continued to benefit from a tax holiday in respect of Bevcan in Nigeria, where we enjoy the benefits of our 'pioneer' status in that market. This expires in 2018. In Angola, our tax holiday ends during 2019. We have also benefited from tax incentives granted in relation to our beverage can lines in South Africa with management actively managing the requirements to benefit from these favourable tax laws that encourage investment.

The effective tax rate increased from a negative 4.1% in the prior year to 11.9% primarily due to reduced government incentives. No tax shield on forex losses in the jurisdictions of Nigeria and Angola given the respective pioneer and tax holiday statuses, certain disallowable expenditure and B-BBEE share scheme expenditure claimed in the prior year. The taxation rate was not affected by the capital profit on the sale and leaseback transaction as this capital profit was shielded from capital gains tax by capital tax losses incurred in prior years on which deferred tax assets were raised in the current year.

Profit after tax from continuing operations of R1 478.3 million exceeded the prior year of R1 456.1 million by 1.5%. The group benefited from lower tax rates in jusrisdictions outside of South Africa. The tax rate is expected to return to the previous guidance of between 15% and 20% in 2017. The Bevcan Nigeria pioneer status expires in 2018 and the Bevcan Angola tax holiday ends during 2019.

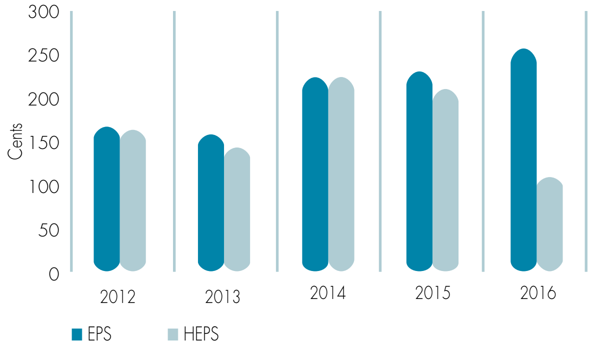
Effective tax rate



Earnings per share (EPS) and headline earnings per share (HEPS)

In 2016, EPS improved by 11.5% assisted by the impact of the sale and leaseback transaction, which was partly offset by foreign currency translation losses as well as impairment costs. HEPS declined by 48.3% to 107.6 cents from 208.2 cents in 2015 primarily due to foreign exchange losses, higher interest costs and an increased effective tax rate.

HEPS/EPS



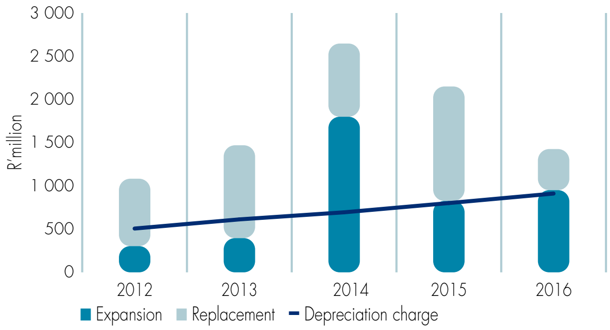
Reviewing our dividend policy

After many years of applying a constant dividend policy of 1.55 times cover with a payout ratio of 64.5% of HEPS, driven primarily by corporate action rather than cash generation, in 2016 the board made the difficult decision to suspend the payment of both the interim and full year dividend. The decision was part of the group's balance sheet restructuring programme given the high historic gearing levels that arose from aggressive capital expenditure and corporate finance activities over the preceding five years and liquidity issues in Nigeria and Angola. Future dividends will be based on cash generated from operations in non-restricted cash regions after taking into account replacement capital expenditure and net interest paid, and will be based on a payout ratio of 40%.

Capital expenditure and depreciation

After many years of significant capital expenditure, in 2016 Nampak's capex was more restrained as we came closer to the end of our major capital investment programme. Over the last three years, capital expenditure has declined from R2.6 billion in 2014 to R2.2 billion in 2015 and R1.4 billion in 2016. This trend is expected to continue, with capital expenditure of R1.0 billion guided for 2017.

Depreciation versus capex



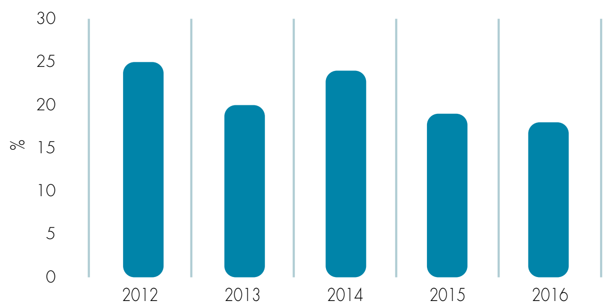
The majority of the current years' capex relates to capex approved in prior years. Expenditure of R1.4 billion in the year is in line with guidance provided to the market.

Focusing on working capital improvements

Historically, the single biggest impact on working capital at Nampak was related to outflows due to the group's significant investment in inventory. In 2016, we reversed this trend through careful planning and decisive execution by management resulting in a pleasing cash release during the year. Inventory management will remain a key focus area and form part of the management incentive structure. In 2016, we reduced inventory by R487.8 million and lowered trade and other receivables by R119.1 million, resulting in a gross inflow of R606.9 million compared to an outflow of R1 191.3 million in the prior year. We believe that in the main, inventory is now at levels more suitable to each division and this will be maintained, or improved upon wherever possible. However, there is reduced opportunity for further material optimisation. Our trade receivables consist of several blue-chip companies, which maintained terms. There was little in the way of bad debts, testimony to an extremely well managed and high quality accounts receivable portfolio. The decrease in accounts payable was mainly the result of reduced capex creditors.

Measuring our performance with key ratios

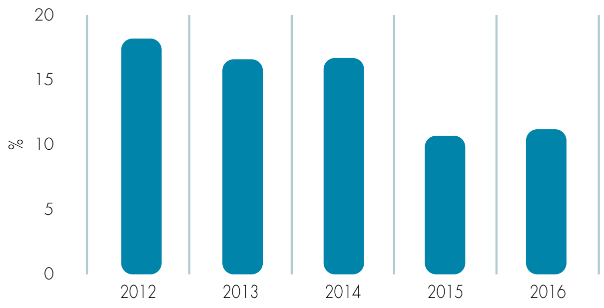
ROE



A moderate increase in earnings and a proportionally larger increase in equity flowing from the profit on the sale and leaseback transaction and the decrease in treasury shares (Black Management Trust) has slightly decreased ROE compared to the prior year.

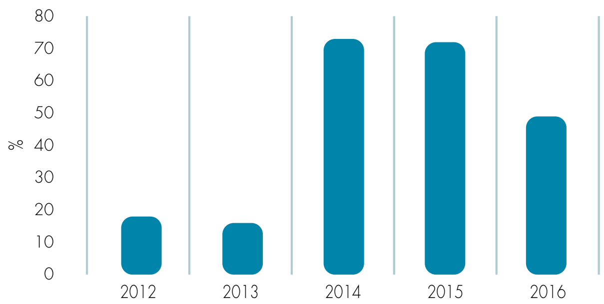
Strategic performance

RONA



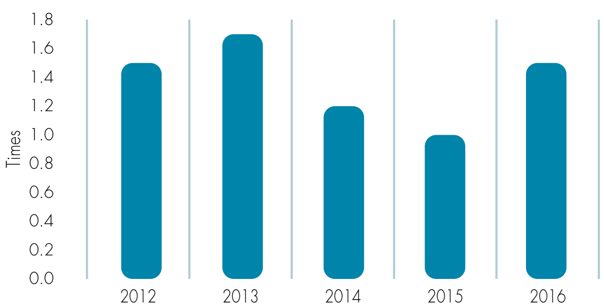
An improvement in RONA was achieved through improved trading profit after several years of significant capex to modernise assets

Net gearing



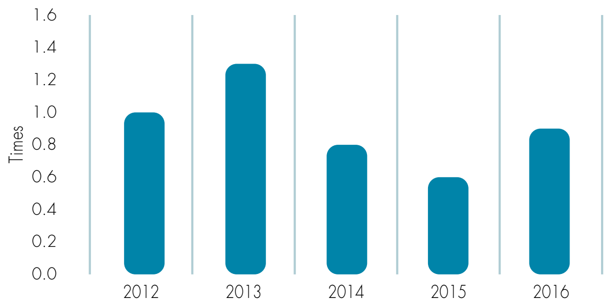
Net gearing has benefited from the sale and leaseback transaction, improved working capital management and cash management interventions.

Current ratio



The proceeds from the sale and leaseback transaction improved working capital management and cash generation has resulted in a 50% improvement in the current year from 1.0 to 1.5 times.

Acid-test ratio



The declining acid-test ratio since 2013 has reversed with the ratio tending towards one times cover indicating the group is almost able to settle all creditors without liquidating inventories.

Looking forward

After considerable progress on many fronts in 2016, in the year ahead we will focus on leveraging our new, well-capitalised asset base to the benefit of our shareholders. We will continue to tighten our financial discipline and forecasting and despite continuing macro-economic headwinds believe we have a stable platform for growth following the optimisation of our balance sheet.

After a year in which significant cash was released from inventories, in the period ahead we are targeting further improvements in working capital management, with the aim of inventory holdings being funded by trade payables and increased working capital velocity. This will be supported by linking management incentives to key metrics.

The finance function is a critical enabler to operations to drive profitability and capital allocations. We will continue to closely monitor liquidity issues in the Rest of Africa and work to improve group gearing through greater cash generation. Capital allocation will be prudently reviewed, supported by the multi-disciplinary team we have recently established to review all capital expenditure.

I would like to thank the finance team for their diligence and resourcefulness in a year of many changes, the group executive committee, board and other group committees and our various providers of capital, for their support during the year. I look forward to further improvements in the group's financial performance in 2017.

Glenn Fullerton
Chief financial officer

Bryanston
21 November 2016

Five-year financial review

Definitions

Treasury shares
Treasury shares represent shares in Nampak Ltd held by group subsidiary companies and trusts.

Weighted average number of shares
Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year (net of treasury shares), 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.

Dividends declared/cash distributions per ordinary share
Interim dividend/cash distribution paid per ordinary share plus the final dividend/cash distribution declared in respect of the current year's profits.

Trading profit
Operating profit adjusted for abnormal gains/(losses).

Abnormal gains/(losses)
Gains/(losses) which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain performance for the period.

Net assets
Total assets, excluding tax, deferred tax, bank balances, deposits and cash equivalents and non-current receivables, less trade and other payables, provisions and other non-current liabilities.

EBITDA
Operating profit before depreciation and amortisation.

EBITDA (debt covenants)
Operating profit before depreciation, amortisation and abnormal gains/(osses).

Net debt
Loans, borrowings and overdrafts, less bank balances, deposits and cash equivalents and non-current receivables (including current portion).

Net debt (debt covenants)
Loans, borrowings and overdrafts, less bank balances, deposits and cash equivalents.

Net finance costs (debt covenants)
Net finance costs before interest capitalised.

Employee numbers used for calculations
Total number of employees adjusted for discontinued operations.

Market capitalisation
Number of ordinary shares in issue multiplied by the year-end market price per share.

Return on equity
$$\frac{\text{Net profit attributable to ordinary shareholders}}{\text{Average ordinary shareholders' equity}}$$

Return on net assets
$$\frac{\text{Trading profit plus investment income and share of profit in associates and joint ventures}}{\text{Average net assets}}$$

Net asset turn
$$\frac{\text{Revenue}}{\text{Average net assets}}$$

Return on invested capital
$$\frac{\text{Trading profit less notional taxation adjustment}}{\text{Average net debt plus average total equity}}$$

Current ratio
$$\frac{\text{Current assets including assets classified as held for sale}}{\text{Current liabilities including liabilities classified as held for sale}}$$

Acid-test ratio
$$\frac{\text{Current assets before inventories, including assets classified as held for sale}}{\text{Current liabilities including liabilities classified as held for sale}}$$

Net debt to EBITDA (debt covenants)
$$\frac{\text{Net debt (debt covenants)}}{\text{EBITDA (debt covenants)}}$$

EBITDA interest cover
$$\frac{\text{EBITDA}}{\text{Net finance costs}}$$

EBITDA interest cover (debt covenants)
$$\frac{\text{EBITDA (debt covenants)}}{\text{Net finance costs (debt covenants)}}$$

Gross gearing
$$\frac{\text{Loans, borrowings and overdrafts}}{\text{Total equity}}$$

Net gearing
$$\frac{\text{Net debt}}{\text{Total equity}}$$

Productivity per employee
$$\frac{\text{EBITDA}}{\text{Employee numbers used for calculations}}$$

Employment cost per employee
$$\frac{\text{Employee benefit expense}}{\text{Employee numbers used for calculations}}$$

Earnings yield
$$\frac{\text{Headline earnings per share}}{\text{Year-end market price per share}}$$

Dividends/cash distributions yield
$$\frac{\text{Dividends/cash distributions per ordinary share}}{\text{Year-end market price per share}}$$

Price/earnings ratio
$$\frac{\text{Year-end market price per share}}{\text{Headline earnings per share}}$$

Five-year financial review continued

		2016	2015	2014	2013	2012
Statistics						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	632 667	629 726	627 728	624 921	623 607
Headline earnings per share	cents	107.6	182.1	234.7	205.3	190.4
Continuing operations	cents	107.6	208.2	221.9	141.4	161.6
Discontinued operations	cents	–	(26.1)	12.8	63.9	28.8
Change over previous year (continuing operations)	%	(48)	(6)	57	(12)	97
Earnings per share	cents	254.5	165.6	186.3	207.2	193.4
Continuing operations	cents	254.5	228.3	221.7	156.4	165.2
Discontinued operations	cents	–	(62.7)	(35.4)	50.8	28.2
Change over previous year (continuing operations)	%	11	3	42	(5)	127
Dividends/cash distributions declared per share	cents	–	134.0	153.0	140.0	129.5
Change over previous year	%	(100)	(12)	9	8	20
Five-year compound annual growth rate	%	–	(4)	(12)	(21)	(2)
Dividend/cash distribution cover	times	–	1.5	1.5	1.5	1.5
Financial data						
Return on equity						
Continuing operations	%	17.9	19.1	23.6	19.6	24.7
Continuing and discontinuing operations	%	17.9	12.5	15.4	19.8	21.1
Return on net assets						
Continuing operations	%	11.2	10.7	16.7	16.6	18.2
Continuing and discontinuing operations	%	11.2	11.0	14.8	18.4	21.2
Net asset turn						
Continuing operations	times	1.1	1.1	1.3	1.8	2.1
Continuing and discontinuing operations	times	1.1	1.2	1.5	1.9	2.2
Return on invested capital	%	9.2	9.0	12.2	16.0	17.4
Current ratio	times	1.5	1.0	1.2	1.7	1.5
Acid-test ratio	times	0.9	0.6	0.7	1.2	0.8
EBITDA Interest cover	times	7.1	9.3	8.3	13.3	15.6
EBITDA Interest cover – debt covenants	times	5.4	9.7	7.3	10.0	13.0
Effective rate of tax						
Continuing operations	%	11.9	(4.1)	9.1	25.9	26.9
Continuing and discontinuing operations	%	11.9	(21.5)	4.1	21.4	27.3
Net debt		4 625.3	6 582.1	5 721.5	1 155.6	1 058.6
Gross gearing	%	79.7	90.8	89.8	80.0	51.3
Net gearing	%	49.0	71.8	72.6	16.1	18.4
Net debt to EBITDA - debt covenants	times	1.7	2.3	2.2	0.6	0.6
Number ordinary shares in issue*	'000	639 884	630 057	628 267	625 457	624 272
Net asset value per ordinary share	cents	1 476	1 456	1 255	1 150	919
Change over previous year	%	1	16	9	25	2

* *Net of treasury shares*

		2016	2015	2014	2013	2012
Employee data						
Permanent employees		6 678	6 663	9 269	9 965	10 364
Temporary employees		1 422	1 328	1 851	1 734	2 005
Total employees		8 100	7 991	11 120	11 699	12 369
Employee numbers used for calculations		8 100	7 945	7 543	7 411	7 132
Revenue per employee	R'000	2 363	2 176	2 029	1 834	1 716
Employment cost per employee	R'000	386	353	333	311	295
Productivity per employee	Index	38	25	21	22	20
Operating results	R million					
Continuing operations						
Revenue		19 138.9	17 291.3	15 305.6	13 594.5	12 240.5
Trading profit		1 905.1	1 839.6	1 867.7	1 688.1	1 497.1
Profit after tax from continuing operations		1 478.3	1 456.1	1 426.0	957.6	1 014.9
Discontinued operations						
(Loss)/profit from discontinued operations		–	(394.8)	(222.4)	318.0	175.8
Profit for the year		1 478.3	1 061.3	1 203.6	1 275.6	1 190.7

		2016	2015	2014	2013	2012
Attributable to:	R million					
Equity holders of Nampak Ltd		1 610.4	1 043.2	1 169.4	1 295.0	1 206.0
Non-controlling interests		(132.1)	18.1	34.2	(19.4)	(15.3)
		1 478.3	1 061.3	1 203.6	1 275.6	1 190.7
EBITDA		3 074.5	1 989.4	2 378.3	2 563.7	2 453.7
Continuing operations		3 074.5	2 483.7	2 538.0	2 352.3	2 036.3
Discontinued operations		–	(494.3)	(159.7)	211.4	417.4
EBITDA (adjusted for impairments)		3 434.9	2 188.5	2 809.7	2 680.0	2 473.1
Continuing operations		3 434.9	2 605.1	2 575.2	2 474.5	2 055.7
Discontinued operations		–	(416.6)	234.5	205.5	417.4
Statements of financial position	R million					
Total shareholders' funds		9 444.5	9 172.4	7 883.1	7 190.6	5 739.1
Retirement benefit obligation		1 855.7	2 008.4	2 173.0	2 193.1	1 618.3
Deferred tax and other non-current liabilities		267.1	390.8	503.5	811.5	663.8
Non-current loans and borrowings		6 202.1	4 212.0	4 753.3	3 249.5	1 350.9
Current liabilities		6 334.4	8 623.9	6 578.2	6 179.2	5 152.0
Total equity and liabilities		24 103.8	24 407.5	21 891.1	19 623.9	14 524.1
Property, plant and equipment		10 573.4	11 025.7	9 864.3	7 835.3	6 640.0
Intangibles		4 043.4	4 118.6	3 419.5	814.5	715.1
Other non-current financial assets and deferred tax		154.7	222.4	414.0	455.7	(486.8)
Current assets		9 332.3	9 040.8	8 193.3	10 518.4	7 655.8
Total assets		24 103.8	24 407.5	21 891.1	19 623.9	14 524.1
Cash flow	R million					
Cash generated from operations		2 825.3	1 726.5	2 740.1	2 484.1	2 262.2
Cash retained from operating activities		890.4	(1 457.8)	419.5	(103.4)	134.5
Additions to property, plant, equipment and intangibles		(1 443.6)	(2 195.2)	(2 620.1)	(1 447.2)	(1 084.2)
Net increase/(decrease) in cash		4 162.5	(1 535.2)	(3 653.1)	1 944.9	(659.8)
Share performance						
Market price per share						
Highest	cents	2 820	4 885	4 154	3 780	2 970
Lowest	cents	1 635	2 572	4 001	2 809	1 992
Year-end	cents	1 944	2 580	4 113	3 121	2 860
Number of ordinary shares in issue	'000	688 668	702 497	700 708	697 897	696 712
Market capitalisation	R million	13 388	18 124	28 820	21 781	19 926
Volume of shares traded	'000	979 569	437 360	388 869	496 327	260 793
Value of shares traded	R million	8 304.2	13 055.2	24 525.0	16 082.8	6 342.8
Volume of shares traded as a percentage of total issued shares	%	142.2	62.3	55.5	71.1	37.4
Earnings yield	%	5.5	7.1	5.7	6.6	6.7
Dividend/cash distribution yield	%	–	5.2	3.7	4.5	4.5
Price/earnings ratio	times	18.1	14.2	17.5	15.2	15.0
Exchange rates						
Rand/UK pound						
Average		21.07	18.56	17.54	14.49	12.71
Closing		17.80	20.97	18.33	16.25	13.39
Rand/Euro						
Average		16.43	13.77	14.36	12.19	10.46
Closing		15.42	15.50	14.27	13.59	10.68
Rand/US dollar						
Average		14.79	12.02	10.58	9.28	8.06
Closing		13.72	13.86	11.30	10.05	8.29
Naira/US dollar						
Average		229.60	191.21	161.77	158.75	159.54
Closing		315.00	199.00	163.70	161.77	157.31
Kwanza/US dollar						
Average		161.57	114.52	100.76	96.33	95.14
Closing		171.72	140.06	101.21	100.56	95.33

Audit committee report

Introduction

The audit committee presents its report for the financial year ended 30 September 2016. 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 four members to the committee for the 2016 financial year at the annual general meeting on 3 February 2016. The current members are as follows:

Name	Date of first appointment
CWN Molope (chairperson)*	1 June 2007
RC Andersen	21 November 2008
NV Lila	27 March 2014
IN Mkhari	27 March 2014

* *Mrs Molope will step down as a member of the audit committee at the company's annual general meeting on 1 February 2017.*

Shareholders will be requested to approve the appointment of committee members for the 2017 financial year at the annual general meeting to be held on 1 February 2017. Following the decision of the chairperson to step down on 1 February 2017, the board has recommended that the remaining three members of the committee be re-elected by shareholders. A communication will be sent to shareholders in due course about the election of a fourth member to the committee.

The CVs of the committee members and their attendance at committee meetings can be found on page 69 and pages 74 and 75 of the 2016 integrated report.

Meetings

The committee meets at least twice per year and during the year under review the committee met six times. Out of the six meetings which were held, three were special committee meetings which considered Nampak Glass capitalisation and depreciation of furnace 3. 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 cooperation from management, while the committee chairperson 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 http://www.nampak.com/content/documents/about/audit-committee-charter.pdf. The responsibility of the committee includes:

- the nomination for appointment as auditor of the company of a registered auditor who, in the opinion of the committee, is independent of the company;
- the determination of the fees to be paid to the auditor and the auditor's terms of engagement;
- the determination of the nature and extent of any non-audit services which the auditor may provide to the company;
- the pre-approval of any proposed contract with the auditor for the provision on 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 dismissal of 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;
- monitoring compliance with laws and regulations, material pending litigation, material defalcations, risk management, insurance covers, important accounting issues and specific disclosures in the financial statements; 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 report for 2016 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 Glenn Fullerton, has appropriate expertise and experience;
- resolved to continue to outsource the internal audit function to EY during the financial year;
- approved the internal 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 2017 financial year, with Mr Trushar Kalan as the designated auditor. Mr Trushar Kalan was initially appointed as the individual registered auditor during the financial year ended 30 September 2015;
- 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;
- 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.

CWN Molope
Chairperson of the audit committee

21 November 2016

Independent auditor's report on the summarised consolidated financial statements

To the shareholders of Nampak Limited

The accompanying summarised consolidated financial statements set out on pages 48 to 58, which comprise the summarised consolidated statement of financial position as at 30 September 2016, the summary consolidated statements of financial position, comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Nampak Limited for the year ended 30 September 2016. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 21 November 2016. Our auditor's report on the audited annual consolidated financial statements contained an Other Matter paragraph "Other reports required by the Companies Act" (included below).

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Nampak Limited.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with IAS 34: *Interim Financial Reporting* 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 the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810: *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited annual consolidated financial statements of Nampak Limited for the year ended 30 September 2016 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the IAS 34: *Interim Financial Reporting* and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 21 November 2016 states that as part of our audit of the annual consolidated financial statements for the year ended 30 September 2016, 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 audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: Trushar Kalan
Partner

21 November 2016

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

River Walk Office Park
41 Matroosberg Road
Ashley Gardens
Pretoria

Directors' responsibility for annual financial statements

for the year ended 30 September 2016

The directors of the company are responsible for the preparation and integrity of the summarised consolidated 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 control and risk management. The audit committee assessed the effectiveness of the system of internal control 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 summarised consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

The summarised consolidated annual financial statements of the year ended 30 September 2016, set out on pages 50 to 58, were approved by the board of directors at its meeting on 21 November 2016 and are signed on its behalf by:

TT Mboweni
Chairman

A de Ruyter
Chief executive officer

Preparer of financial statements

The summarised consolidated annual financial statements have been prepared under the supervision of GR Fullerton CA(SA).

GR Fullerton
Chief financial officer

Certificate by company secretary

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

Summarised consolidated statement of financial position

at 30 September 2016

	Notes	2016 R million	2015 R million
ASSETS			
Non-current assets			
Property, plant and equipment and investment property		10 573.4	11 025.7
Goodwill and other intangible assets		4 043.4	4 118.6
Joint ventures, associates and other investments		27.7	44.1
Deferred tax assets		70.6	145.3
Other non-current assets		56.4	33.0
		14 771.5	15 366.7
Current assets			
Inventories		3 376.7	3 890.6
Trade receivables and other current assets		3 109.0	3 404.4
Tax assets		11.2	12.0
Bank balances, deposits and cash equivalents	8	2 835.4	1 587.4
		9 332.3	8 894.4
Assets classified as held for sale		–	146.4
Total assets		24 103.8	24 407.5
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		35.4	36.1
Capital reserves		(121.4)	(405.0)
Other reserves		51.0	1 061.7
Retained earnings		9 238.5	8 109.6
Shareholders' equity		9 203.5	8 802.4
Non-controlling interest		241.0	370.0
Total equity		9 444.5	9 172.4
Non-current liabilities			
Loans and borrowings		6 202.1	4 212.0
Retirement benefit obligation		1 855.7	2 008.4
Deferred tax liabilities		230.1	329.2
Other non-current liabilities		37.0	61.6
		8 324.9	6 611.2
Current liabilities			
Trade payables, provisions and other current liabilities		4 937.7	4 418.6
Bank overdrafts	8	993.4	3 672.3
Loans and borrowings		329.4	446.8
Tax liabilities		73.9	86.2
		6 334.4	8 623.9
Total equity and liabilities		24 103.8	24 407.5

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2016

	Notes	2016 R million	2015 R million
CONTINUING OPERATIONS			
Revenue		19 138.9	17 291.3
Operating profit	3	2 162.8	1 681.4
Finance costs		(527.5)	(316.6)
Finance income		42.0	37.6
Share of profit/(loss) from joint ventures and associates		0.1	(3.8)
Profit before tax		1 677.4	1 398.6
Tax (expense)/benefit		(199.1)	57.5
Profit for the year from continuing operations		1 478.3	1 456.1
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	6	–	(394.8)
Profit for the year		1 478.3	1 061.3
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified to profit or loss			
Net actuarial loss from retirement benefit obligations		(491.0)	(9.6)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(509.4)	774.6
(Loss)/gain on cash flow hedges		(34.3)	56.8
Other comprehensive (expense)/income for the year, net of tax		(1 034.7)	821.8
Total comprehensive income for the year		443.6	1 883.1
Profit/(loss) attributable to:			
Owners of Nampak Ltd		1 610.4	1 043.2
Non-controlling interest in subsidiaries		(132.1)	18.1
		1 478.3	1 061.3
Total comprehensive income/(expense) attributable to:			
Owners of Nampak Ltd		572.6	1 794.0
Non-controlling interest in subsidiaries		(129.0)	89.1
		443.6	1 883.1
Continuing operations			
Basic earnings per share (cents)		254.5	228.3
Diluted earnings per share (cents)		253.9	225.6
Headline earnings per share (cents)		107.6	208.2
Diluted headline earnings per share (cents)		107.3	205.7
Continuing and discontinued operations			
Basic earnings per share (cents)		254.5	165.6
Diluted earnings per share (cents)		253.9	163.7
Headline earnings per share (cents)		107.6	182.1
Diluted headline earnings per share (cents)		107.3	179.9
Dividend per share (cents)		–	134.0

Summarised consolidated statement of changes in equity

for the year ended 30 September 2016

	2016 R million	2015 R million
Opening balance	9 172.4	7 883.1
Net shares issued during the year	28.9	74.9
Share-based payment expense/(income)	13.9	(2.6)
Share grants exercised	(28.8)	(75.0)
Share of movement in associate's and joint venture's non-distributable reserve	0.9	0.6
Non-controlling interest realised on disposal of subsidiary	–	2.6
Shares repurchased and cancelled	(0.8)	–
Treasury shares disposed	384.2	–
Transfer from hedging reserve to related assets	–	(4.9)
Increase in non-controlling interest on consolidation of Zimbabwe associates	–	356.8
Total comprehensive income for the year	443.6	1 883.1
Dividends paid	(569.8)	(946.2)
Closing balance	9 444.5	9 172.4
Comprising:		
Share capital	35.4	36.1
Capital reserves	(121.4)	(405.0)
Share premium	250.7	221.9
Treasury shares	(557.9)	(827.6)
Share-based payments reserve	185.8	200.7
Other reserves	51.0	1 061.7
Foreign currency translation reserve	1 494.9	2 017.8
Financial instruments hedging reserve	18.8	53.1
Recognised actuarial losses	(1 466.6)	(975.6)
Share of non-distributable reserves in associates and joint ventures	3.7	4.5
Available-for-sale financial assets revaluation reserve	–	(38.3)
Other	0.2	0.2
Retained earnings	9 238.5	8 109.6
Shareholders' equity	9 203.5	8 802.4
Non-controlling interest	241.0	370.0
Total equity	9 444.5	9 172.4

Summarised consolidated statement of cash flows

for the year ended 30 September 2016

	Notes	2016 R million	2015 R million
Cash generated from operations before working capital changes		2 264.0	2 395.1
Working capital changes		561.3	(668.6)
Cash generated from operations		2 825.3	1 726.5
Net interest paid		(521.4)	(376.4)
Income from investments		–	7.4
Retirement benefits, contributions and settlements		(161.0)	(364.9)
Tax paid		(201.3)	(151.6)
Replacement capital expenditure		(475.7)	(1 352.6)
Cash flows from operations		1 465.9	(511.6)
Dividends paid		(575.5)	(946.2)
Net cash generated from/(utilised in) operating activities		890.4	(1 457.8)
Expansion capital expenditure		(951.7)	(771.0)
Proceeds on disposal of businesses	6	–	1 982.7
Proceeds from sale and leaseback transaction		1 701.1	–
Other investing activities		142.0	124.7
Net cash generated/(utilised) before financing activities		1 781.8	(121.4)
Net cash raised from/(repaid in) financing activities		2 380.7	(1 413.8)
Net increase/(decrease) in cash and cash equivalents		4 162.5	(1 535.2)
Net overdraft at beginning of year	8	(2 084.9)	(681.0)
Cash acquired on consolidation of Zimbabwe associates		–	44.1
Translation of cash in foreign subsidiaries		(235.6)	87.2
Cash and cash equivalents/(net overdraft) at end of year	8	1 842.0	(2 084.9)

Notes to the summarised consolidated financial statements

for the year ended 30 September 2016

1. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, G Fullerton CA(SA).

2. Accounting policies and computation methodology

The accounting policies applied in the preparation of the consolidated financial statements for 2016, from which the summarised financial statements were derived, are in terms of IFRS and are consistent with the accounting policies adopted and methods of computation used in the preparation of the previous year's consolidated financial statements except for the depreciation method applied to plant in the Bevcan operations and the remeasurement of trading profit as defined (note 3).

Change in accounting estimate

As of 1 October 2015, the group changed its method of depreciating plant and equipment at its Bevcan operations from the straight-line method to the units of production method, as it was felt that the latter method reflects more appropriately the pattern of the consumption of the future economic benefits embodied in the assets concerned. In accordance with IAS 16: *Property, Plant and Equipment*, this is a change in an accounting estimate and is therefore applied prospectively in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of the change in depreciation method for the year ended 30 September 2016 is a decrease in the depreciation expense of R122.0 million.

Remeasurement of trading profit

During the year, the group reassessed its disclosure of gains and losses arising from the translation of financial instruments. Previously, all gains and losses arising from the translation of financial instruments were regarded as not being part of the normal trading activities of the group and therefore recognised as "abnormal" gains and losses ie outside of trading profit as defined below (note 3). Following this reassessment, only losses on the translation of financial instruments arising from the illiquidity in Angola and Nigeria were regarded as "abnormal" and have been disclosed as such, while other translation gains and losses were now regarded as being part of the group's normal trading activities and have therefore been recognised as being part of trading profit. Consequently, trading profit from continuing operations for the comparative period has been restated to R1 839.6 million from R1 820.5 million, with the trading profit for all segments for segmental reporting purposes being impacted.

3. Included in operating profit are:

	2016 R million	2015 R million
Depreciation	863.1	758.7
Amortisation	48.6	43.6
Reconciliation of operating profit and trading profit[1]		
Operating profit	2 162.8	1 681.4
Net abnormal (gain)/loss[2]	(257.7)	158.2
Profit on disposal of property subject to sale and leaseback	(1 318.9)	–
Profit on disposal of other property	(15.2)	(102.5)
Profit on disposal of investments	(3.5)	–
Devaluation loss arising from Angolan and Nigerian illiquidity	681.0	160.5
Net impairment losses on property, plant, equipment, intangible assets, investments and shareholder loans	360.4	121.4
Retrenchment and restructuring costs	34.1	77.3
Gain on revaluation and consolidation of Zimbabwe associates	–	(124.2)
Business acquisition-related costs	4.4	25.7
Trading profit	1 905.1	1 839.6

[1] *Trading profit is the main measure of profitability used for segmental reporting purposes.*

[2] *Abnormal (gains)/losses are defined as (gains)/losses which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain the performance for the year.*

4. Sale and leaseback transaction

The group entered into a sale and leaseback transaction for the sale and leaseback of 15 of its industrial properties in South Africa effective 1 September 2016.

The selling prices of the properties were determined by an independent valuer and confirmed through a comprehensive market review. The future lease payments are similar to past rentals paid by the operations to the corporate services segment of the group. Overall the transaction is positive for headline earnings per share (HEPS).

Fourteen of the properties were leased for a period of fifteen years with an option to renew the lease agreements for one additional period of 10 years, and an option to repurchase the properties at market related prices on termination of the lease agreements. One property was leased for a period of three years. Escalation of lease payments is provided for in the agreements at inflation-related rates.

In terms of the lease agreements, the group remains responsible for all maintenance, insurance, rates and taxes ("triple net" lease).

	2016 R million	2015 R million
Disposal of properties subject to the transaction		
Net proceeds on disposal of properties*	1 701.1	–
Net carrying value of properties disposed	(382.2)	–
Profit on disposal of properties	1 318.9	–
Future minimum lease payments		
2017	145.9	–
2018 – 2021	681.1	–
2022 onwards	2 709.5	–
Total	3 536.5	–

* *Transaction proceeds were R1 744.0 million which included one property sold outright for R12.0 million; transaction costs incurred were R30.9 million.*

5. Business combinations

In the previous financial year, the group consolidated Hunyani Holdings Ltd (Hunyani) and Megapak Zimbabwe (Pvt) Ltd (Megapak) with effect from 1 December 2014. These entities, situated in Zimbabwe, were previously recognised as associates and equity accounted as such. The revaluation of the group's original interest in Hunyani and Megapak resulted in gains of R14.2 million and R9.3 million respectively.

As part of this process, the group restructured its subsidiary, CarnaudMetalbox Zimbabwe Ltd, and Megapak under Hunyani, and Hunyani was renamed Nampak Zimbabwe Ltd. The transaction also involved the group increasing its effective interest in the Nampak Zimbabwe Ltd group to 51.43%.

	2016 R million	2015 R million
Fair value of previously held interests	–	184.9
Plus: Non-controlling interests recognised	–	356.8
Less: Fair value of identifiable net assets acquired	–	(642.4)
Gain arising on consolidation	–	(100.7)

Notes to the summarised consolidated financial statements continued

for the year ended 30 September 2016

6. Disposal of operations

An agreement for the sale of Nampak's 50% shareholding in, and loans to, Sancella SA (Pty) Ltd was entered into on 21 July 2015, with the transaction being effective 1 December 2015. The proceeds from the sale were applied to settle the outstanding loan balances.

The loans had been impaired to the amount expected to be recovered in terms of the transaction as at 30 September 2015 and no further loss was recognised on the recovery of the net carrying values of these loans on the effective date of the transaction.

During the previous year, the group disposed of the following businesses:

- Nampak Corrugated and Nampak Tissue businesses effective 1 April 2015;
- Nampak Flexibles and Nampak Recycling businesses effective 1 July 2015;
- Nampak Sacks business effective 29 September 2015.

The above disposals are consistent with the group's strategy of exiting its non-core and underperforming businesses.

The results of the discontinued operations included in the statement of comprehensive income are set out below.

	2016 R million	2015 R million
Results of the discontinued operations for the year		
Revenue	–	3 385.7
Expenses	–	(3 560.7)
Loss before tax	–	(175.0)
Attributable income tax benefit	–	8.1
	–	(166.9)
Loss on disposal of operations	–	(350.2)
Attributable income tax benefit	–	122.3
	–	(227.9)
Loss for the year from discontinued operations	–	(394.8)
Proceeds on disposal of the discontinued operations		
Fair value of net assets disposed	–	2 331.3
Non-controlling interest released	–	2.6
Goodwill disposed	–	34.0
Loss on disposal of operations	–	(350.2)
Total disposal consideration	–	2 017.7
Less: Deferred sales proceeds	–	(35.0)
Net inflow on disposal	–	1 982.7

7. Determination of headline earnings

	2016 R million	2015 R million
Continuing operations		
Profit attributable to equity holders of the company for the year	1 610.4	1 438.0
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	1 610.3	1 437.9
Adjusted for:		
Net impairment losses on property, plant, equipment, intangible assets and investments	360.8	121.4
Net profit on disposal of investments	(3.5)	–
Gain on revaluation and consolidation of Zimbabwe associates	–	(124.2)
Profit on disposal of property subject to sale and leaseback	(1 318.9)	–
Net loss/(profit) on disposal of other property, plant, equipment and intangible assets	6.8	(102.8)
Tax effects and non-controlling interests	25.4	(21.2)
Headline earnings for the year	680.9	1 311.1

7. Determination of headline earnings *continued*

	2016 R million	2015 R million
Continuing and discontinued operations		
Profit attributable to equity holders of the company for the year	1 610.4	1 043.2
Less: Preference dividend	(0.1)	(0.1)
Basic earnings	1 610.3	1 043.1
Adjusted for:		
Net impairment losses on property, plant, equipment, intangible assets and investments	360.8	121.4
Net (profit)/loss on disposal of investments and businesses	(3.5)	350.2
Gain on revaluation and consolidation of Zimbabwe associates	–	(124.2)
Profit on disposal of property subject to sale and leaseback	(1 318.9)	–
Net loss/(profit) on disposal of other property, plant, equipment and intangible assets	6.8	(99.2)
Tax effects and non-controlling interests	25.4	(144.4)
Headline earnings for the year	680.9	1 146.9

8. Cash and cash equivalents/(net overdraft) at end of year

	2016 R million	2015 R million
Bank balances, deposits and cash equivalents*	2 835.4	1 587.4
Bank overdrafts	(993.4)	(3 672.3)
	1 842.0	(2 084.9)

* *Cash equivalents include US dollar indexed Angolan kwanza bonds of R617.4 million (2015: Nil).*

9. Carrying amount of financial instruments

The carrying amounts of financial instruments as presented on the statement of financial position are measured as follows:

	2016 R million	2015 R million
At fair value – level 2		
Financial assets	–	178.2
Derivative financial assets	–	178.2
Financial liabilities	40.7	75.3
Derivative financial liabilities	40.7	75.3
At cost		
Financial assets	–	12.7
Investments	–	12.7
At amortised cost		
Financial assets	5 789.7	4 608.4
Non-current financial assets	56.4	33.0
Trade receivables and other current assets (excluding prepayments)	2 897.9	2 865.8
Bank balances, deposits and cash equivalents	2 835.4	1 587.4
Assets classified as held for sale*	–	122.2
Financial liabilities	12 152.9	12 433.4
Non-current loans and borrowings	6 202.1	4 212.0
Trade payables and other current liabilities (excluding provisions)	4 628.0	4 102.3
Bank overdrafts and current loans	1 322.8	4 119.1

* *Current portion of loan to Sancella SA (Pty) Ltd.*

Notes to the summarised consolidated financial statements continued

for the year ended 30 September 2016

10. Supplementary information

	2016 R million	2015 R million
Capital expenditure	1 443.6	2 195.2
Expansion	951.7	771.0
Replacement	475.7	1 352.6
Intangibles	16.2	71.6
Capital commitments	454.4	1 500.1
Contracted	276.3	727.2
Approved not contracted	178.1	772.9
Lease commitments (including sale and leaseback transaction)	3 759.5	175.6
Land and buildings	3 732.2	150.6
Other	27.3	25.0
Contingent liabilities	83.6	64.2
Customer claims and guarantees	6.7	14.8
Tax contingent liabilities	76.9	49.4

11. Share statistics

	2016	2015
Ordinary shares in issue ('000)	688 668	702 497
Ordinary shares in issue – net of treasury shares ('000)	639 884	630 057
Weighted average number of ordinary shares on which basic earnings and headline earnings per share are based ('000)	632 667	629 726
Weighted average number of ordinary shares on which diluted earnings and diluted headline earnings per share are based ('000)	634 335	637 369

12. Translation reserve movement

Due to the strengthening of the rand towards the end of the financial year, a translation loss of R509.4 million (2015: R774.6 million gain) was recognised for the year. The key closing exchange rates at 30 September were $1: R13.72 (2015: $1: R13.86) and £1: R17.80 (2015: £1: R20.97).

13. Related-party transactions

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

14. Independent auditor's opinion

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 30 September 2016. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised financial statements have been derived from the group financial statements and are consistent in all material respects with the consolidated financial statements. Copies of their audit reports are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors.

Operational review – Metals

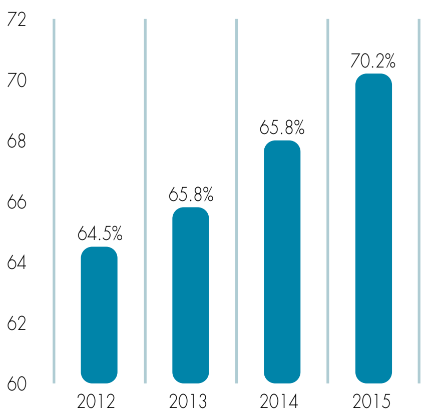
Bevcan is the largest manufacturer of beverage cans in Africa, and the only producer of these in southern Africa, as well as in Angola, where we continue to grow our market share. We have production facilities in South Africa, Angola and Nigeria. Our cans represent more than a third of the market in both Nigeria and East Africa.

Operating from five sites, DivFood manufactures two- and three-piece tinplate food cans, and a number of diversified tinplate cans. We are the only producer of aluminium monobloc aerosol cans and two-piece tinplate cans in South Africa. Some 60% of our sales go to the food industry. In the diversified part of our business, tinplate aerosol cans, monobloc aerosols, paint cans and polish cans are the major product categories.

Erik Smuts
Group executive:
Bevcan

Christiaan Burmeister
Group executive:
DivFood

Metal packaging collected for recycling in South Africa (% of tonnes consumed)



Source: Packaging SA. Latest data.

	2016	2015	% change
Key natural capital inputs:			
Energy use (GJ)	1 543 075	1 619 509	(5)
Outputs affecting natural capital:			
Emissions intensity (t/CO_2e/Rm revenue)	18.37	21.27	(14)
Financial capital:			
Revenue (R million)	10 510	9 933	6
Trading profit (R million)	1 285	1 203	7
Trading margin (%)	12.2	12.1	–
Human capital:			
Employees	3 314	3 364	(1)
LTIFR	0.40	0.57	Improved

Key developments

- Completed Bevcan recapitalisation, improved operational efficiency in South Africa
- Recorded lower Bevcan South African volumes
- Faced difficulties in repatriating cash from Angola and Nigeria, where manufacturing facilities ran well
- DivFood grew food can volumes and rationalised diversified can offering; improved profitability
- DivFood completed the first phase of the recapitalisation programme

South Africa – Bevcan

In 2016, we completed the recapitalisation of Bevcan South Africa, commissioning on time and below budget the last of our new aluminium beverage can lines, as well as a beverage can ends line. This reflects delivery on the Nampak strategic imperative to invest to compete. We launched a comprehensive operations excellence initiative, targeting improvements in operational efficiencies, safety, people development, supply chain management and planning, as well as in our brand and marketing.

We reaped the early rewards of this project, recording significant improvements in the operational performance of our Springs facility, as well as a 40% reduction in the LTIFR (lost-time injury frequency rate). This, along with a number of management changes, is helping with the delivery of our strategic imperative to improve business performance by buying better, making better and selling better.

In a challenging macro-economic environment, demand for our products was erratic: good growth in the first few months of the financial year thanks to the higher-than-usual summer temperatures was followed by an unusually sharp contraction during the late summer and the winter months.

For the year as a whole, volumes fell by 5.4%. The impact on consumer spending of subdued economic activity accounted for around half of this decline, while the rest was a result of the cessation of our beverage can exports from South Africa to Angola, where we had installed a second production line at the end of our 2015 financial year. The effect of the decline in volumes in South Africa was, however, offset by the operational efficiencies and cost reductions we achieved in the year.

Leveraging learnings from previous installations, in July 2016 we installed our Rosslyn facility's second high-speed aluminium can line. This line performed ahead of expectations. Spoilage, traditionally associated with the commissioning of a new line, was at acceptable levels and we look forward to further improvements in the year ahead. In anticipation of the commissioning of the second line, we closed down the Rosslyn lines that produced so-called slim and slender cans. We started manufacturing these cans out of aluminium at Springs, where we moved closer to benchmark levels of spoilage.

In August 2016, we completed the expansion in Springs of our beverage can ends plant, the operational performance of which was pleasing. The expansion added two billion ends per annum to the existing can ends manufacturing facility with the new volumes destined primarily to our can manufacturing businesses in Angola and Nigeria.

Our aluminium cans weigh on average 60% less than those made of tinplate. Lines that produce aluminium cans consume 17% less energy per can than those that produce tinplate cans. As the end product is lighter, these lines also contribute to reduced transport costs. Our investment in these facilities demonstrates our commitment to a more sustainable and infinitely recyclable form of packaging.

We still operate two tinplate lines, one in Durban and the other in Cape Town. In the year, in line with our strategic imperative to manage costs stringently, we concluded consultations with trade unions and affected parties about the planned closure of the Durban facility. As far as possible, we worked to redeploy skills from this facility to other Bevcan operations. The line's closure, planned for 15 December 2016, will result in a saving in 2017 of R30 million, rising to R40 million in the years that follow.

We benefited from the support of Nampak Research and Development and our technology agreement with Crown. Nampak R&D continued to work on trials of thinner gauge aluminium for beverage cans and ends, as well as on development work on BPA-NI (Bisphenol-A not intentionally added) coating systems. We maintained world-class operating systems at our facilities, retaining certification under the relevant ISO quality, food safety and environmental standards.

South Africa – DivFood

At DivFood, we improved our operational and financial performance in the year. A significant amount of management's attention was devoted to the commissioning of numerous capital projects. We also closed the diversified packaging factory in Epping in the Western Cape. These projects were executed largely on time and in budget, while maintaining satisfactory customer service during the changeover.

We continued to focus on safety, with increased emphasis on behaviour-based interventions. Our overall safety performance improved and we recorded a LTIFR of 0.4 for the year. However, the improvement was overshadowed by a high-voltage explosion at our Mobeni factory in Durban on 1 August 2016. Four people were injured, including two contractors. Due to the seriousness of his injuries, tragically one contractor, Jacques van der Berg, passed away some weeks later. The safety and skills of people are material issues at Nampak.

Our capital programme, aligned to the strategic imperative to invest to compete, was aimed at replacing ageing equipment with energy-efficient and technologically advanced machinery to be able to convert the latest generation of thin-gauge tinplate and operate at higher efficiencies. This contributed towards leaner production units and will enhance our competitive position and profitability into the future.

Despite a challenging economic environment, demand for fish cans grew strongly as the industry processed more imported frozen fish in local cans and the importation of filled product declined. Demand for cans for processed meat expanded at a rate ahead of GDP growth and we gained some market share in the fruit canning sector in the year. Demand for vegetable cans was steady.

Our efforts to simplify the business were focused mainly on the diversified product range, customer base and operating models. In line with the strategic imperative to actively manage our portfolio, we closed our Epping plant, with the loss of 47 jobs, and centralised paint can manufacturing in Mobeni. Even though volumes reduced on the back of rationalisation efforts, profitability improved. Tinplate aerosol volumes were steady, while domestic demand for monobloc aerosols grew. Paint volumes declined by 23% on the back of the rationalisation programme and packaging for the small oil can category was largely converted to plastic packaging.

We further developed and stabilised our imported supply of tinplate and reported sustained improvements in the quality and service of our local tinplate supply. Nampak R&D continued to play an important role in supporting DivFood. Significant areas of support were the qualification of imported tinplate; product support for our cans and customer products; field services such as hygiene audits and can handling audits; education on best practice in canning; shelf life studies and thermal processing work. Our plants are all certified under the relevant ISO environmental, quality and food safety standards.

Looking ahead

In the short term, continued pressure on consumer spending is likely to limit growth in beverage can volumes. However, consolidation among Bevcan's customers in the carbonated soft drinks (CSD) sector is potentially good for growth in our volumes. Some 90% of our production volumes are secured in long-term contracts, which guarantee an annual per unit saving to customers from more efficient production capacity as well as volume growth.

We will continue to monitor closely developments in the policy environment, including the proposed tax on sugar-sweetened beverages.

In the year ahead, as part of our continuous improvement journey Bevcan will continue to work to reduce costs and focus on improving cash generation through stringent working capital management. Our investment in the latest technology, our low cost structure, internationally competitive pricing and long-term agreements with customers mean that we are well positioned to defend our market share should long-mooted competition in the sector materialise.

With the first phase of the recapitalisation programme behind us, in the year ahead DivFood will direct more attention to inventory and supply chain optimisation as well as the improvement of our planning processes. In line with the strategic imperative to manage working capital prudently, we anticipate working capital benefits as well as efficiency improvements from these interventions. Realising the opportunity presented by more efficient equipment will be a further area of focus in the year ahead and we would expect our efforts with regard to operational excellence to support an overall improvement in quality and productivity as well as spoilage levels.

Rest of Africa – Beverage cans

In the face of significant economic headwinds, Bevcan's operations in oil-dependent Angola and Nigeria performed satisfactorily. By signing up new customers, both gained a greater share of markets that were hit hard by the dramatic decline in crude oil prices, which led to reduced government revenues and waning economic activity.

A sharp depreciation of the kwanza and naira resulted in significant translation losses on local cash and debtor balances. We also faced difficulties in repatriating cash amid a shortage of foreign currency. Restricted cash in Angola and Nigeria is a material issue for Nampak, and is discussed in detail on page 28 and 29.

In Angola, demand for beverage cans fell sharply. However, the start of our contract to supply a large local customer (previously reliant on imported beverage cans) helped limit the decline in our overall production volumes to 3.3%. We also supplied a number of smaller local beverage producers.

Our second production line, which makes aluminium beverage cans, operated above expectations. Because of the slowdown in economic activity, we took steps to cut overhead costs, particularly those related to the first line, which produces cans made of tinplate. We plan to convert the first line to aluminium once economic conditions improve.

Angola, a nation of some 26 million people, represents a major growth opportunity for Nampak, and the work we are doing in Luanda is in line with our strategic objective to accelerate growth in the Rest of Africa.

In Nigeria, even though the market was broadly flat, we grew our volumes as we gained market share at existing customers, in line with contractual commitments. We recorded good production efficiencies and acceptable levels of spoilage. To supplement our energy requirements, we used LPG and diesel generators. The country's shortage of foreign currency made trading conditions extremely difficult, but there was a slight improvement from June when the government eased foreign exchange regulations and committed to making 60% of the available foreign currency available to the manufacturing industry.

In both Angola and Nigeria, we completed certification under the relevant ISO quality and food safety standards. In Nigeria, we are also certified for our environmental management systems, and are currently undergoing similar certification in Angola.

Rest of Africa – Other metal packaging

In a depressed Nigerian economy, demand was weak at the start of the year, but showed signs of recovery in the second half, led by the substitution of imports with locally produced goods amid a shortage of hard currency available for foreign imported products and production constraints at opposition companies.

In Kenya, we experienced a difficult year in the general food can market due to weaker agricultural harvests, particularly in pineapples and green beans, which are major product sectors. This was also aggravated by the increased self-manufacture of certain can sizes by our major customer.

The regional demand for crowns across Tanzania, Zimbabwe and Zambia remained stable.

In the year we disposed of our share in the metals operation in Mozambique. This was a small operation manufacturing only metal crowns and the small local market did not provide sufficient critical mass to justify further investment to remain sustainably competitive.

Looking ahead

Despite the continued pressure in the short term on consumer spending in Nigeria and Angola, we remain optimistic about the longer-term outlook for our Bevcan businesses in these countries. Should oil prices and output stabilise, we expect a recovery in demand in 2018/2019.

In Nigeria the share of beverage cans in the overall packaging offering is still lower than international norms, with room to grow. We will consider installing a second production line when market conditions improve, but are not planning any large capital expenditure in the short term. Similarly, in Angola, we will convert the first tinplate production line to aluminium once economic activity expands.

Bevcan's major focus in the short term is on overcoming the liquidity constraints in both Nigeria and Angola, where we have developed good relationships with the relevant authorities.

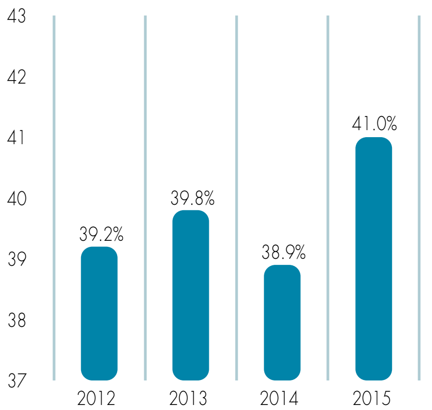
In Kenya, we will continue to grow the crowns business as well as printed pilfer-proof metal closures following our recent capacity expansions for both products. We anticipate a continuation of the recovery of metals demand in Nigeria as customers and general producers look at opportunities to manufacture more product locally.

Operational review – Glass

Nampak Glass is the smaller of the two container glass manufacturers in South Africa and has a market share of approximately 25%. We operate three furnaces at our site southeast of Johannesburg. With installed capacity of 285 000 tonnes, our bottles make up approximately 18% of the beer sector's volumes, 25% of flavoured alcoholic beverages, 15% of wine and 67% of the spirits market.

Rob Morris
Group executive: Glass

Glass packaging collected for recycling in South Africa (% of tonnes consumed)



Source: Packaging SA. Latest data.

	2016	2015	% change
Key natural capital inputs:			
Energy use (GJ)	2 137 609	2 022 160	6
Limestone (t)	36 600	33 675	9
Silica sand (t)	133 139	120 657	10
Soda ash (t)	39 312	35 077	12
Outputs affecting natural capital:			
Emissions intensity (t/CO_2e/Rm revenue)	145.15	211.80	(31)
Financial capital:			
Revenue (R million)	1 323	877	51
Trading profit (R million)	105	(81)	>100
Trading margin (%)	7.9	(9.2)	–
Human capital:			
Employees	435	402	8
LTIFR	0.79	2.01	Improved

Key developments

- Significantly improved operational efficiencies
- Turned around business performance and profitability
- Grew the wine market in partnership with Verallia, a leading French wine bottle producer

South Africa

Nampak Glass recovered well in 2016, recording improved operational efficiencies, increased production and sales volumes and consequently a turnaround in profitability. We reported a better safety performance and continued use of waste glass, or cullet, as an important component of our raw material input.

Supported by demand from the wine and flavoured alcoholic beverages (FABS) sectors, the South African glass market started to pick up after a number of years of decline, which had primarily been the result of the substitution of glass in the carbonated soft drink (CSD) market with plastics. The glass pack share in the beer segment stabilised and was still dominated by the 750ml returnable bottle. The market for FABS – mainly cider – continued to grow, with glass remaining the primary pack for this sector.

Nampak Glass's production volumes increased by 19%, supporting the increased sales and also building stock to comfortable levels. We completed our stock build to an acceptable 90 days. We reported trading profit of R105 million, from a trading loss of R81 million in 2015. The trading margin was 7.9% (2015: (9.2%)), helped by the cost benefits of efficiency improvements and general improved cost control.

In line with our strategic imperative to improve business performance by buying, making and selling better, we oversaw a number of interventions in processes, systems and in the plant in the year. These addressed many of the technical concerns recently experienced across our three furnaces and resulted in a return of the furnace efficiencies to acceptable levels.

Apart from upgrades in the bottle-forming process, we implemented new software systems and processes in the forecasting and planning arena as well as in bottle design and forming simulation. This assisted in reducing job and process changes by nearly 30%, to reduce the overall level of complexity in the plant and to ensure that the range of products we produced was better aligned to our production capability.

As a result, production was stable, safe and reliable, and feedback from the market on quality and services was extremely positive.

The optimisation and increase in the use of cullet is a major focus area. This is in addition to numerous incremental energy-saving initiatives, including a lighting optimisation project that reduced our electrical energy requirements by around 1 megawatt. We also worked on a number of water-saving initiatives, studying the feasibility of becoming a zero-effluent-discharge plant by increased recycling of process water.

We are in the process of commissioning new cullet-sorting technology that will enable cullet to be colour sorted to a much finer level, facilitating an increase in the usage of mixed cullet that we procure from glass recyclers. We continued to participate in The Glass Recycling Company (TGRC), which is a voluntary industry initiative supported by glass packaging manufacturers and the majority of food and beverage brand owners in South Africa. It is funded exclusively by the levies paid by these stakeholders. TGRC is well positioned to submit industry waste management plans in response to proposed new legislative requirements. In 2015, 41% of all glass packaging consumed in South Africa was collected for recycling.

We reported a vastly improved safety performance, with LTIFR reducing to 0.79 from 2.01 in 2015. We consider the wine market in South Africa a major growth sector where Nampak is underrepresented. To ensure a more comprehensive offering to this market, in the year we entered into a sales and distribution agreement with Verallia, a major French wine bottle producer. Nampak now sells Verallia bottles in South Africa that complement our offering, and are of a size and specification not manufactured locally.

We continued to make use of the services of Nampak Research and Development, which constitute a key competitive advantage, offering our customers the necessary support when designing new products, or investigating the cause of any contamination their customers may experience. In the year we retained certification of our glass operations for environmental and energy management standards, as well as those for food safety.

Looking ahead

Following significant advances in 2016, Nampak Glass now has an acceptable level of stock, and our service and quality to the market has significantly improved. A lack of consumer demand and confidence means that the outlook for the South African glass market remains subdued.

We are working to increase our sales to the Cape wine sector, where demand for our products is rising off a low base and is being supported by greater bottled wine exports to the United Kingdom and Europe.

In June 2016, the Southern African Customs Union and the European Union signed an agreement which will allow South Africa to export 110 million litres of wine to Europe a year, more than double the previous duty-free quota of 48 million litres. Initially, 70% of the quota will be directed to packaged wines, increasing in due course.

We also see opportunity to grow our exports of glass products to the Rest of Africa. This is aligned to our strategic imperative to sensibly manage and grow our presence in current jurisdictions by building a market base through exports from South Africa.

Rest of Africa

We continue to see medium-term opportunity to invest in glass-making facilities in the Rest of Africa. The three most attractive markets for potential investment are Nigeria, Ethiopia and Angola. We are currently continuing with feasibility studies as we are confident in the long-term growth opportunities, but are being circumspect as the current macro-economic environment in these countries remains unstable. This prevents any such investments in the near term, and any decisions will only be taken once conditions improve.

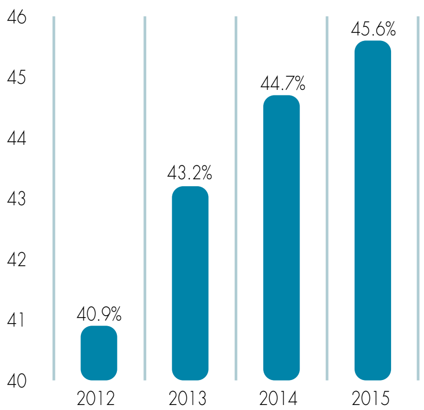
Operational review – Plastics

Nampak has 20 plastics facilities in South Africa, running 226 lines. We make HDPE plastic bottles mainly for milk and juice; PET bottles and preforms for juice, CSDs and water; and paper gable-top cartons for sorghum beer, mageu and extended-shelf-life milk. We produce drums and intermediate bulk containers for bulk alcohol and chemicals; closures for CSD bottles, milk bottles and cartons, and sports drinks; tubes for toothpaste; and crates for beverages, bakeries, dairies and the agriculture market. Nampak Plastics Europe operates 10 facilities producing HDPE bottles, mostly for the dairy and juice markets, in the United Kingdom and the Republic of Ireland. In the Rest of Africa, we have preform, crate and closure businesses in Zimbabwe, Ethiopia and Nigeria.

Mxolisi Khutama
Group executive: Plastics

Rob Morris
Group executive: Rest of Africa

Plastic packaging collected for recycling in South Africa (% of tonnes consumed)



Source: Packaging SA. Latest data.

	2016	2015	% change
Key natural capital inputs:			
Energy use (GJ)	720 003	646 169	11
Outputs affecting natural capital:			
Emissions intensity (t/CO_2e/Rm revenue)	25.28	26.45	(4)
Financial capital:			
Revenue (R million)	5 557	5 011	11
Trading profit (R million)	392	362	8
Trading margin (%)	7.1	7.2	–
Human capital:			
Employees	2 036	2 000	2
LTIFR	0.67	1.53	Improved

Key developments

- Put foundations in place for enhanced operational performance
- Progressed with turnaround of underperforming plants
- Focused on driving increased capacity utilisation through market diversification
- Targeted investment in capacity to grow with our customers and recapitalisation to improve productivity and efficiencies
- In Europe, we recorded lower turnover and profits in a highly competitive market

South Africa

In 2016, we made good progress in our work to strengthen the operations in the South African plastics business: we are enhancing the visibility of our operational performance, refining our working capital management and better monitoring our operational efficiencies. Together, these will facilitate a sustained improvement in our overall performance in the long term.

The market proved challenging, with the drought depressing milk production and hence sales of bottles; liquidity issues in the Rest of Africa affecting the uptake of drums; and consumer demand slowing down.

Despite the pressure on volumes, revenue increased by 2.9% and profits improved. This was as a result of an improved product mix, greater efficiencies and a successful turnaround of our plastics closures and crates businesses.

The implementation of our seven-pillar safety approach went well. We reported a significant reduction in the number of incidents, with our LTIFR coming down by 79%, achieving our target of 0.5. We continue to ensure that risks are adequately appraised, mitigation action is formulated and implemented and we follow our rules and procedures. We aim to ensure that no employee gets injured on duty. Zero harm is possible and remains a high priority.

In line with our strategic objective to **unlock further value from our base business**, we enhanced operations at our key facilities. We gave greater attention to maintenance as well as to standardising our systems for efficiency monitoring and reporting. As plant reliability improved, we were able to secure additional sales, largely mitigating the impact of economic headwinds.

We adopted a sales and operations planning framework as part of our drive to achieve operations excellence. At select plants, we rolled out an automated manufacturing monitoring system, developed in-house by our facility in Westmead, Pinetown. This system allows operators to view the efficiency of each machine, in terms of quality, production, waste and other operational performance metrics.

Liquid packaging – HDPE and PET bottles, drums and cartons

The drought had a mixed impact on the production of plastic bottles: high summer temperatures lifted our customers' water and juice sales, and hence demand for our bottles, but led to lower milk production and therefore reduced milk bottle sales.

The greater promotion by producers of UHT long-life packaging continued to limit growth in sales of fresh milk, which is traditionally packaged in HDPE bottles. Preform sales picked up as CSD volumes grew, supported by the hot weather.

As part of efforts for greater operational efficiencies and to support our customers' growth, we commissioned a number of new pieces of machinery. In July 2016, we brought on line equipment to produce up to 36 million PET water bottles a year for a customer in Gauteng. In our drum business in this province, in August 2016 we commissioned a new line to blow-mould up to 400 000 drums a year, mainly for the agricultural chemicals market.

Towards year-end we brought on stream a new aseptic HDPE packaging line for a large producer of mageu, a non-alcoholic fermented beverage. This segment continues to expand at a rate in excess of the general beverage market.

Liquidity constraints in a number of countries north of South Africa's borders led to pressure on the sale of drums, many of which are used for bulk alcohol exports to the rest of the continent. However, volumes began to pick up towards year-end.

Demand for paper cartons from the juice and extended-shelf-life milk sectors remained good, but a slowdown in the sorghum beer industry led to a reduction in the total volumes of these cartons that are made in our factory in Isithebe, KwaZulu-Natal.

Closures, tubes and crates

Our crate business benefited from the commissioning in May 2016 of a new injection-moulding line to produce up to one million crates a year. This is part of our turnaround drive in this business. We also invested in equipment, commissioned in July 2016, to produce 85 million new-generation sports drink closures a year.

Nampak Research and Development continued to make good progress on the design of lighter-weight plastic containers, thereby reducing the consumption of raw materials as well as the volumes of post-consumer packaging waste. We embarked on a project to reduce the weight of our crates as well as that of specific plastic closures. We believe this has great process and cost benefits for both Nampak and our customers. Another significant benefit of this intervention is the fulfilment of our promise to reduce, reuse and recycle: less material is used in the process of making crates, bottles and closures and less energy is required to transport lighter-weight products.

Nampak Plastics offers the latest developments in technology, trends and innovation to enhance the value of our customers' products and brands. Our strong R&D innovation capability, along with our in-plant technology expertise, one-stop offering and excellent customer support are among our key competitive advantages.

Looking ahead

After a year of considerable advances on many fronts, in 2017 we will align our organisational structure to focus on building the capacity of our business, improving coordination in the market, and standardising our products and practices.

In the next five years, we expect the South African rigid plastic market to expand at a compound annual growth rate of 3.5%. By 2020, we are targeting above-inflation growth, with a widening of our trading margin to above 10%.

We will achieve this through our clear plan to become the preferred and best value packaging partner and supplier in the market, serving the beverage, dairy, household chemicals, personal care and industrial segments. We will grow and defend our market segments; establish best cost and quality leadership; develop an integrated partnership approach and achieve technical excellence.

Operational review – Plastics continued

As more than a third of our lines are more than 20 years old, we see opportunity to introduce the latest-generation technology through a multi-year investment programme of R200 to R300 million. Given that a number of the projects initiated in 2016 will deliver in the new financial year, we look forward to a positive 2017.

Rest of Africa

Our plastics business in the Rest of Africa performed well in the year, where we invested in additional capacity for preforms and plastic closures in Zimbabwe and Nigeria.

Megapak Zimbabwe had a good year, thanks to strong sales of new closures and the solid performance of our preform lines that supply the sorghum beer industry. In Zimbabwe, this sector favours rigid plastics packaging as opposed to the preference for cartons in other countries in the region.

In Ethiopia, the newly commissioned crate line ran well. While the demand was good, we faced significant regulatory administrative issues related specifically to banking and foreign exchange. This made sourcing of a sustained raw material supply difficult and hampered production; however, we resolved these challenges by year-end.

In Nigeria, demand for Nampak closures was healthy, helped by the substitution of imported product with locally manufactured goods.

Looking ahead

We are considering further rigid plastics investments in Zambia, Zimbabwe and Tanzania in 2017 to cater for increased demand both in new and existing markets. Buoyed by increased demand, we plan to expand our Nigerian closure business in the year ahead with additional moulds.

Liquidity issues in Zimbabwe remain a concern.

United Kingdom and Republic of Ireland

Heightened competition in the dairy market, coupled with challenges in starting up two new production sites, led to a difficult year for Nampak Plastics UK, a reduction in profitability as well as management changes.

We launched various cost-cutting initiatives, including those aimed at optimising our energy use and our distribution costs. To reduce our reliance on producing HDPE bottles for the struggling British dairy industry, we started work on developing a number of potential opportunities in the manufacture of alternative plastics in addition to HDPE bottles in other sectors, including some outside the borders of the United Kingdom.

We also advanced our work to secure more opportunities to licence out our patented light-weighting technology, building on agreements already in place in Australia and New Zealand. Safety remains at the forefront of the business in a very regulated market and we reported a pleasing reduction in injury rates.

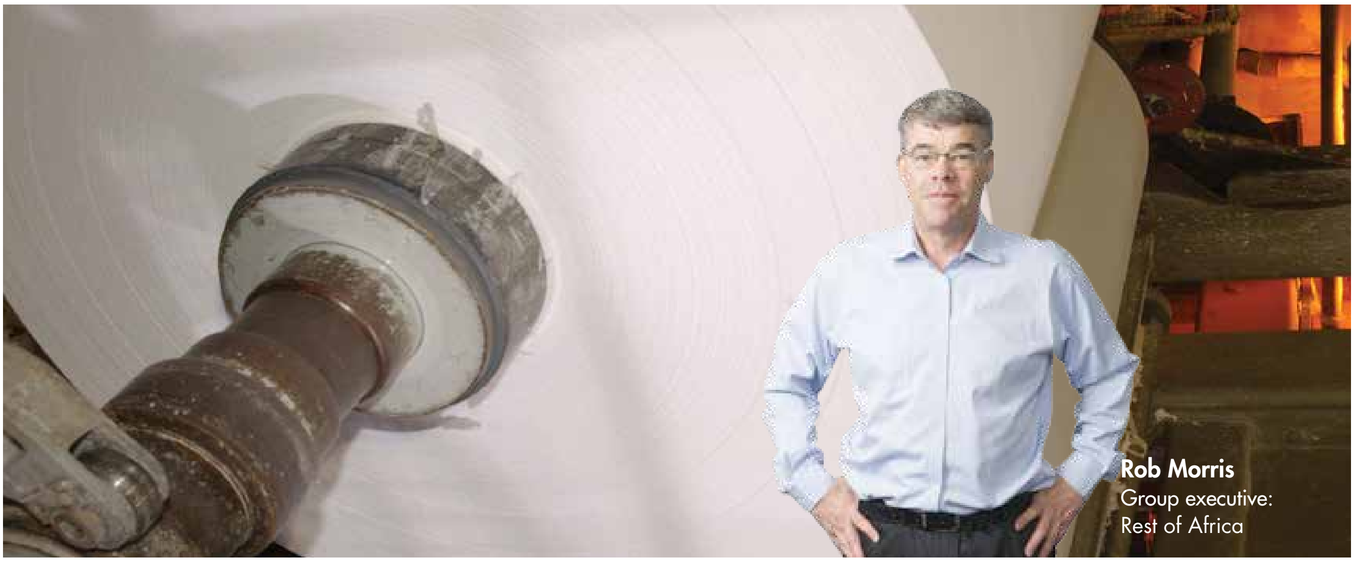
We closed our factory at Consett in north east England, but opened one in Ballitore, Republic of Ireland and another small plant near Stirling, Scotland. Establishing these two new production facilities cost more than planned because of delays in securing industrial power supply to one site and start-up project management challenges at the other. Plans and actions are underway to ensure both are firmly under control.

Looking ahead

In the year ahead, under new leadership the business will look at opportunities for growth outside our traditional markets as well as step up turnaround plans. The business remains a generator of cash, holder of valuable intellectual property as well as a rand hedge. For the 2016 financial year, the closing rand/pound exchange rate was R17.80 from R20.97 a year earlier.

Operational review – Paper

Nampak's Paper businesses are in Nigeria, Zimbabwe, Kenya, Zambia and Malawi. We supply a range of sectors, from milling, cigarettes and tobacco to the sorghum beer industry. In most of these markets we are the major player. Among our extensive product range are cartons, sacks, bags, board and boxes.



Rob Morris
Group executive: Rest of Africa

	2016	2015	% change
Key natural capital inputs:			
Energy use (GJ)	152 760	144 568	6
Outputs affecting natural capital:			
Emissions intensity ($t/CO_2e/Rm$ revenue)	5.75	8.88	(35)
Financial capital:			
Revenue (R million)	1 749	1 470	19
Trading profit (R million)	236	211	12
Trading margin (%)	13.5	14.4	–
Human capital:			
Employees	702	741	(5)
LTIFR	0.20	0.49	Improved

Key developments

- Increased revenue and trading profit across most regions despite tough macro-economic environment
- Benefited from import substitution in many markets amid a shortage of hard currencies

Rest of Africa

Nampak's paper operations, all of which are in African countries beyond the borders of South Africa, had a mixed year. Revenue improved by 19% and trading profit rose 12%, benefiting from the improved performance in Nigeria, the consolidation in Zimbabwe of the Hunyani divisions as well as the consolidation of Bullpak, which was previously a joint venture. We delivered a very creditable safety performance, with an LTIFR of 0.2.

In Kenya, demand for self-opening bags for the milling industry was reasonably stable. Even though a number of competitors have recently entered this market, Bullpak had another good year.

Notwithstanding the current macro-economic problems, demand for cigarette packaging in Nigeria was buoyant, particularly in the second half. However, demand for general commercial paper packaging remained subdued.

Sorghum beer carton sales in Zambia were weak, as a result of both generally depressed demand and the substitution of paper cartons into rigid plastic packaging formats. Our financial results in this market were also affected by the highly volatile exchange rate in the year.

Even though Zimbabwe experienced very difficult macro-economic conditions and there were concerns about customers' liquidity, our paper operations in that country performed well. This was thanks to a reasonable crop of tobacco, which is packaged in large corrugated boxes. Our performance was also assisted by the greater substitution of imports with locally produced products as well as our cost-saving initiatives, in line with the strategic imperative to manage costs stringently.

In Malawi, sales to the sorghum beer industry remained strong and we had a good year operationally. A higher tobacco crop contributed to increased tobacco case sales in the second half.

Looking ahead

In the year ahead, we expect the market for paper to remain buoyant in the Rest of Africa markets. The restrictions on imported products in Nigeria and Zimbabwe are expected to further encourage the local sourcing of packaged goods. In Zambia, we expect an improved sorghum beer carton performance on the back of a number of interventions. Liquidity constraints in Nigeria and Zimbabwe remain a concern.

How we are governed to create value

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

In the year under review Nampak complied with all the corporate governance requirements of the JSE Limited. A statement of how the company has applied the principles of King III is set out in the full corporate governance report on the company's website, while a statement of the exceptions where the company elected not to comply with the principles of King III appears on page 73. King IV released in November 2016 will be applicable to Nampak for the financial year ending 30 September 2018.

Governance framework and structure

The diagram below is a simple overview of the corporate governance structure at Nampak.

Board of directors

The board is made up of an appropriate combination of executive and non-executive directors who have suitable academic qualifications and diverse experience, race and genders. All non-executive directors are considered independent. For the biographical details of directors, and their length of tenure, see pages 74 to 76, where graphs also provide details of the board's representation by race and gender.

Mrs DC Moephuli and Mrs CWN Molope have indicated their intention to step down as non-executive directors of the company immediately prior to commencement of the annual general meeting ("AGM") on 1 February 2017 due to pressure of other commitments and Mrs Molope has indicated that she will also not make herself available for re-election as chairperson of the audit committee. The board agreed to recommend the election of Mr RC Andersen as chairman of the audit committee to replace Mrs Molope. A further announcement will be made in due course about the appointment of a new non-executive director and the recommended election of a fourth member to the audit committee.

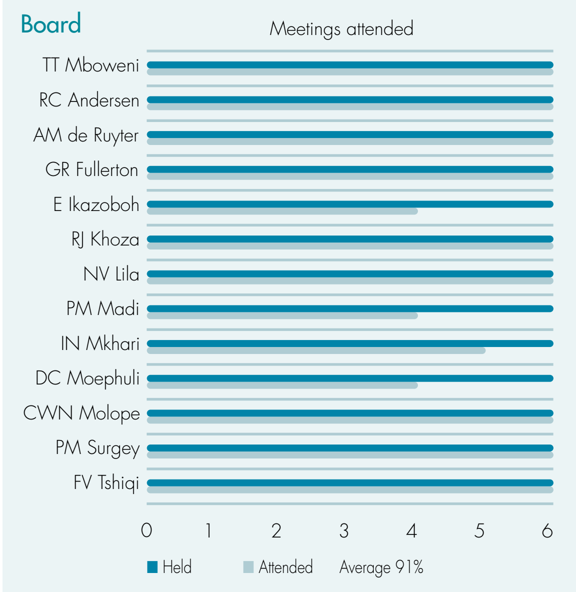
The board is responsible for the strategic direction of the group, while also maintaining control over all material matters affecting the group.

In the year under review, the board reviewed the independence status of all the non-executive directors and considered them all to be independent. In particular, the board reviewed the independence and performance of Dr RJ Khoza, who completed 10 years of service as a non-executive director on 30 September 2016. The board concluded that Dr Khoza's independence of character and judgement was not in any way affected by his length of service and that his service was of considerable benefit to the company.

The performance of the chairman is assessed by the board every second year and will next be assessed in 2017. No one director has unfettered power of decision making.

The positions of chief executive officer (CEO) and chairman are separated, with responsibilities divided between them for matters affecting the board and management. The division of responsibilities ensures a balance of power and authority. The chairman leads the board and ensures that all relevant information is placed before it for decision. The CEO is responsible for the operation of the businesses, the development of strategy and the submission of business plans and budgets to the board for consideration.

All directors, other than the CEO and chief financial officer (CFO), are subject to retirement and re-election by shareholders every three years. The CEO and CFO are not subject to this during the periods of their service contracts. Re-election takes place on a staggered basis to ensure continuity, but reappointment is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment.

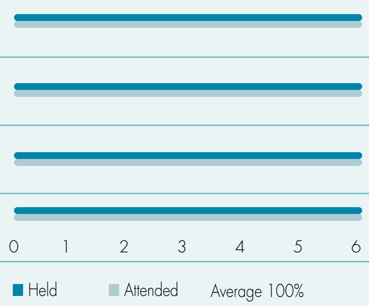


Board committees

The board is assisted in the discharge of its duties by a number of committees, details of which are set out below:

Audit committee

Members	Date of appointment	Meetings attended
CWN Molope (chairperson)*	1 June 2007	
RC Andersen	21 November 2008	
NV Lila	27 March 2014	
IN Mkhari	27 March 2014	



** Mrs Molope will step down as a member of the audit committee at the company's AGM on 1 February 2017.*

Role, purpose and principal functions

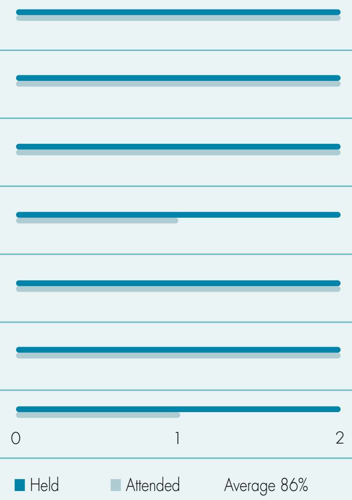
The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website http://www.nampak.com/Content/Documents/About/audit-committee-charter.pdf.

Strategic focus for the year under review

- Considered deleveraging of the group's balance sheet
- Considered the sale and leaseback of property transaction
- Considered liquidity issues in Nigeria and Angola
- Considered the JSE report on monitoring financial statements
- Considered the Nampak dividend policy
- Considered impairment of Angolan tinplate line

Investment committee

Members	Date of appointment	Meetings attended
RC Andersen (chairman)	1 January 2014	
AM de Ruyter	1 January 2014	
GR Fullerton	1 September 2015	
E Ikazoboh	27 March 2014	
PM Madi	1 January 2014	
IN Mkhari	27 March 2014	
DC Moephuli*	1 January 2014	



** Mrs DC Moephuli will step down as a member of the investment committee at the company's AGM on 1 February 2017.*

Role, purpose and principal functions

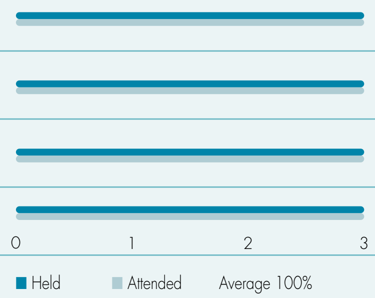
The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website http://www.nampak.com/Content/Documents/About/investment-committee-charter.pdf

Strategic focus for the year under review

- Considered the sale and leaseback of property transaction
- Reviewed the Nampak Glass furnace 3 project
- Considered Glass opportunities in both Nigeria and Ethiopia
- Considered Plastics opportunities in Europe
- Considered the Nampak debt covenant position and rand volatility

Nomination committee

Members	Date of appointment	Meetings attended
TT Mboweni (chairman)	1 June 2010	
RC Andersen	20 July 2009	
RJ Khoza	1 February 2011	
PM Surgey	29 July 2009	



Role, purpose and principal functions

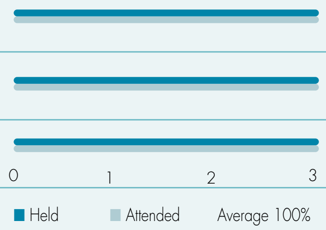
The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website http://www.nampak.com/Content/Documents/About/nomination-committee-charter.pdf

Strategic focus for the year under review

- Considered board and executive succession planning and personal development
- Considered non-executive director independence and rotation
- Monitored implementation of action plans from the board evaluation process
- Reviewed the induction programme

Remuneration committee

Members	Date of appointment	Meetings attended
PM Surgey (chairman)	29 July 2009	
RC Andersen	20 July 2009	
TT Mboweni	1 June 2010	



Role, purpose and principal functions

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 http://www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf

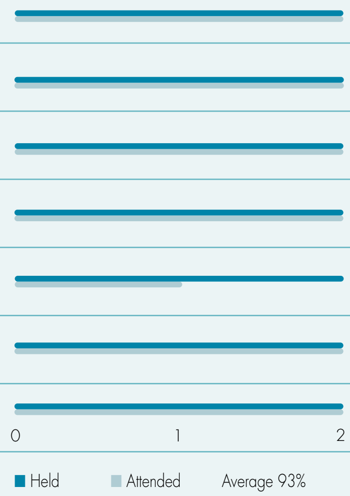
Strategic focus for the year under review

- Reviewed remuneration policy with independent external consultants (PwC)
- Approved a medium-term incentive scheme to replace the short-term incentive scheme for 2017 and 2018
- Reviewed defined benefit obligations and strategies to manage the liability

See the remuneration committee report on page 78.

Risk and sustainability committee

Members	Date of appointment	Meetings attended
NV Lila (chairperson)	3 November 2015	
AM de Ruyter	1 January 2014	
GR Fullerton	1 September 2015	
PM Madi	12 November 2009	
DC Moephuli*	1 October 2010	
PM Surgey	1 October 2010	
Ex officio: CWN Molope* as chairperson of the audit committee	11 May 2009	



** Mrs Moephuli and Mrs Molope will step down as members of the risk and sustainability committee on 1 February 2017.*

Role, purpose and principal functions

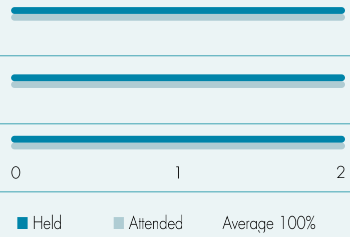
The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website http://www.nampak.com/Content/Documents/About/risk-and-sustainability-charter.pdf

Strategic focus for the year under review

- Reviewed group key risks, mitigations and monitored the implementation of mitigation activities
- Approved risk appetite and tolerance levels for 2016

Social, ethics and transformation committee

Members	Date of appointment	Meetings attended
PM Madi (chairman)	9 November 2009	
IN Mkhari	27 March 2014	
PM Surgey	29 September 2009	



Role, purpose and principal functions

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 http://www.nampak.com/Content/Documents/About/social-ethics-and-transformation-committee-charter.pdf

Strategic focus for the year under review

- Recommended transformation commitments and targets to the board for approval
- Reviewed proposals submitted by management to provide an extension to the lock-in period for active employees who remained beneficiaries in The Black Management Trust as at 31 December 2015 when the original lock-in period expired
- Monitored the group's performance against its code of conduct and business ethics

See the full social, ethic and transformation committee report on the website www.nampak.com.

Mrs DC Moephuli was unable to attend all the board and relevant sub-committee meetings due to her commitments at Transnet where she is a full-time employee.

Professor PM Madi was unable to attend all the board meetings and relevant sub-committee meetings due to other commitments.

Mr E Ikazoboh was unable to attend all the board meetings and relevant sub-committee meetings due to other commitments in Nigeria where he resides.

Group executive committee

The group executive committee is constituted to assist the CEO in managing the business of the group, subject to authority limits delegated to the CEO and the group executive committee in terms of the group's authority policy. The committee assists the CEO in guiding and controlling the overall direction of the business of the group and acts as a medium of communication and coordination between divisions, group companies and the board. The composition of the committee is as follows:

Members	Position
AM de Ruyter	Chief executive officer
C Burmeister	Group executive: DivFood and R&D
GR Fullerton	Chief financial officer
M Khutama	Group executive: Plastics
RG Morris	Group executive: Africa and Glass
EE Smuts	Group executive: Bevcan
FV Tshiqi	Group human resources director
NP O'Brien	Group executive: Legal, secretarial and insurance

Company secretary

The company secretary operates on an arm's-length basis from the board and is not a member of the board. All directors have access to the advice and services of the company secretary. The company secretary is responsible for preparing meeting agendas and recording minutes of board meetings and for ensuring that sound corporate governance procedures are followed. During the year under review the board declared itself satisfied with the competence, qualifications and experience of Neill O'Brien as company secretary.

Board, committee and director evaluations

The board has decided that formal appraisals of the board, its committees and directors, will be conducted every second year and the next appraisal will take place in 2017.

Compliance

Nampak is committed to conducting its business in compliance with all applicable laws and regulations and with honesty in its dealings with customers, employees, suppliers, shareholders and the community. In pursuit of that goal Nampak maintains an effective compliance programme.

The primary purpose of the compliance programme is to detect violations of laws, regulations and company policy. Should Nampak become aware of any violations of laws, regulations or company policies, it will investigate the matter and take disciplinary action where appropriate.

Schedules of relevant laws and regulations are prepared and maintained for the businesses in the group. A code of conduct and business ethics lays down the standards expected of all employees, while potential violations can be reported through 'Tip-Offs Anonymous', which is available 24 hours a day, seven days a week.

Policies and procedures are in place to monitor compliance and to mitigate risks, to implement effective training programmes and to report to management and the board on the effectiveness of the programme. Litigation in the businesses is referred to the group legal adviser, who reports on material litigation to the risk and audit committees and to the board.

During the year there were no prosecutions of Nampak or its personnel for material violations of any laws or regulations, nor were any material penalties or fines imposed on the company or its directors or officers for contraventions of any laws or regulations.

No requests for information were lodged with the company, during the year, in terms of the Promotion of Access to Information Act, 2000.

Information management services

Information management services (IMS) is an important part of Nampak's business and is essential to the support and sustainability of the group. The King III report on corporate governance places responsibility for IMS governance with the board, and the Nampak board has given the CFO overall responsibility for managing the IMS governance structures and processes. The IMS function is managed by the chief information officer (CIO), who reports to the CFO. An IMS steering committee is chaired by the CFO, and its membership comprises the CIO and the members of the group executive committee. The committee has a well-defined charter and it is responsible for overseeing IMS direction and investments, and ensuring alignment with business strategy and priorities.

Nampak's IMS function has adopted the IT Governance Institute (ITGI) governance model, COBIT 5 (Control Objectives for Information and related Technology), as a framework for IMS governance, while continuing to employ best practice frameworks such as Information Technology Infrastructure Library (ITIL) as guidelines for establishing and maintaining effective internal controls, continuity and risk management.

In line with COBIT 5, a framework of IMS policies has been developed and adopted, taking into consideration stakeholder needs, the business imperatives, current legislation and IM trends.

Internal audit provides assurance to management, the audit committee and the risk committee on the effectiveness of IMS governance.

The group's IMS focus remains to deliver value to Nampak through benefits realisation, resource optimisation and risk mitigation that are aligned with Nampak's strategy and goals.

King III non-compliance

	King III principles	Nampak's approach
2.22	The evaluation of the board, its committees and individual directors should be performed every year.	An in-depth evaluation of the board, its committees and individual directors is facilitated by an independent expert every second year, which the board considers to be an appropriate interval.
2.24	A governance framework should be agreed upon between the group and its subsidiary boards.	Reporting between the group and its subsidiaries is governed by internal policies and procedures and a formal governance framework is not considered essential.
6.4	The board should delegate to management implementation of an effective compliance framework and processes.	The operating entities in Nampak are required to identify laws, rules and standards that apply to the environment in which they operate and to ensure compliance therewith. The operating entities are kept abreast of legislative changes and compliance requirements from a group level.

Board of directors

Nampak's board of directors is committed to ensuring that the group adheres to the highest standards of corporate governance. The board is responsible for the strategic direction of the group, while maintaining control over all material issues affecting Nampak.

Independent non-executive directors

N R

Tito Mboweni (57)

Chairman

Qualifications: BA, MA, CD(SA)

Appointed: 1 June 2010

Experience
Former South African Minister of Labour
Former Governor of the South African Reserve Bank
Member of the national executive committee of the African National Congress since 2012

Other directorships
Accelerate Property Fund Ltd
African Centre for Economic Transformation (chairman)
Discovery Ltd
Mboweni Brothers Investment Holdings (Pty) Ltd
PPC Ltd
Sacoil Holdings Ltd
The New Development Bank BRICS

Relevant skills and expertise
Strategic leadership
Economics

I

Emmanuel Ikazoboh (Nigerian) (67)

Qualifications: FCCA, MBA

Appointed: 1 October 2013

Experience
Chairman of the board of Ecobank Transnational
Managing director of Hedonmark Management Services (Nigeria)
Former administrator of the Nigerian Stock Exchange
Former chairman and chief executive officer of Deloitte West and Central Africa

Other directorships
ARM Pension Fund Manager Ltd (chairman)
Dangote Cement plc
Ecobank Transnational Inc (chairman)
Oceanwinds Hospitality Ltd (chairman)
United Nigeria Textiles plc

Relevant skills and expertise
Accounting
Finance

A I N R

Roy Andersen (68)

Qualifications: CA(SA), CPA, CD(SA)

Appointed: 28 November 2008

Experience
Former chairman of Sanlam Ltd and Stanlib Ltd
Former chief executive officer of Liberty Group Ltd
Former president of the JSE Ltd
Currently a member of the King Committee on Corporate Governance

Other directorships
Aspen Pharmacare Holdings Ltd
Sasfin Holdings Ltd (chairman)

Relevant skills and expertise
Accounting
Finance
Corporate governance

N

Dr Reuel Khoza (67)

Qualifications: BA, MA, Eng D, D of Laws honoris causa, CD(SA)

Appointed: 1 October 2005

Experience
Former chairman of Eskom Holdings
Former chairman of Nedbank Group Ltd
Deputy chairman of the King Committee on Corporate Governance

Other directorships
Aka Capital (Pty) Ltd (chairman)
Globeleq (chairman)
Sasol Oil (Pty) Ltd

Relevant skills and expertise
Strategic leadership
Corporate governance

A RS

Nopasika Lila (47)

Qualifications: CA(SA)

Appointed: 1 March 2014

Experience
Chief financial officer of the Eskom Pension and Provident Fund
Former independent non-executive director of Basil Read Holdings Ltd and Johannesburg Development Agency

Other directorships
Enx Group Ltd

Relevant skills and expertise
Accounting
Finance
Corporate governance

Ipeleng Mkhari (41)

Qualifications: BA

Appointed: 1 October 2013

Experience
Co-founder and chief executive officer of Motseng Investment Holdings (Pty) Ltd

A I S

Other directorships
Kap Industrial Holdings Ltd
Motseng Investment Holdings (Pty) Ltd
South African Property Owners Association

Relevant skills and expertise
Strategic leadership

Phinda Madi (52)

Qualifications: BProc, EDP

Appointed: 21 November 2008

Experience
Qualified attorney
Owner of Madi Investments (a capital venture business)

I RS S

Other directorships
Allcare Medical Administrators (Pty) Ltd (chairman)
Illovo Sugar Ltd
Madi Investments (Pty) Ltd
Sovereign Foods Ltd
Spar Group Ltd

Relevant skills and expertise
Strategic leadership
Entrepreneurship

Disebo Moephuli (52)

Qualifications: BA, MBA

Appointed: 23 November 2009

Experience
Chief risk officer at Transnet
Former group treasurer of Transnet
Held positions in a number of financial institutions

I RS

Other directorships
Dermatus South Africa (Pty) Ltd

Relevant skills and expertise
Finance
Risk

Nosipho Molope (52)

Qualifications: BSc (Med), CA(SA)

Appointed: 1 June 2007

Experience
Former chief financial officer of the Financial Services Board

A RS

Other directorships
Mobile Telephone Networks (Pty) Ltd
MTN Uganda, Rwanda, Swaziland and Zambia
Old Mutual Life Assurance Company (South Africa) Ltd
Old Mutual Life Holdings (South Africa) Ltd
South 32 SA Coal Holdings (Pty) Ltd
Toyota Financial Services South Africa Ltd

Relevant skills and expertise
Accounting
Finance

Peter Surgey (62)

Qualifications: BA LLB

Appointed: 29 July 2009

Experience
Former managing director of Plascon and chief executive officer of Barloworld Coatings
Former board member and director of Barloworld
Served on the remuneration and audit committees of Control Instruments (Pty) Ltd and NCS Resins (Pty) Ltd

N R RS S

Other directorships
Earth Probotic Industrial Ltd
Main Street 1416 (Pty) Ltd

Relevant skills and expertise
Strategic leadership

Independent non-executive directors committee key

N Nomination committee
– Chairman: Tito Mboweni

R Remuneration committee
– Chairman: Peter Surgey

A Audit committee
– Chairperson: Nosipho Molope

I Investment committee
– Chairman: Roy Anderson

RS Risk and sustainability committee
– Chairperson: Nopasika Lila

S Social, ethics and transformation committee
– Chairman: Phinda Madi

Board of directors continued

Executive directors

E I RS

André de Ruyter (48)

Chief executive officer

Qualifications: BA, BLC, LLB, MBA

Appointed: 1 April 2014

Experience
More than 20 years in senior management with petrochemicals group Sasol
Former member of Sasol's group executive committee

Other directorships
None

Relevant skills and expertise
Strategic leadership in the manufacturing sector

E I RS

Glenn Fullerton (49)

Chief financial officer

Qualifications: CA(SA)

Appointed: 1 September 2015

Experience
Numerous senior finance positions at HL & H and Computicket
Former finance director in various subsidiaries at Malbak
Former chief financial officer of MB Technologies
Former chief executive officer of MB Technologies

Other directorships
None

Relevant skills and expertise
Financial
Strategic leadership

E

Fezekile Tshiqi (62)

Group human resources director

Qualifications: BA, PGDHRM

Appointed: 29 July 2009

Experience
Various human resources positions at Unilever, ABI, Corobrik and Adcock Ingram Pharmaceuticals
Former human resources director at Nampak Tissue
Former human resources director of Nampak Africa

Other directorships
None

Relevant skills and expertise
People management and development
Employee relations

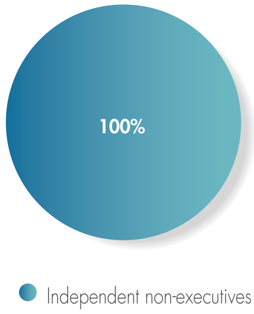
Executive directors committee key

E Executive committee

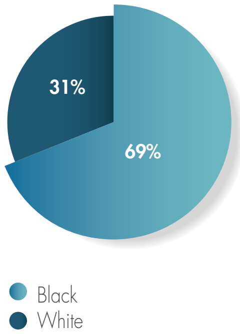
I Investment committee

RS Risk and sustainability committee

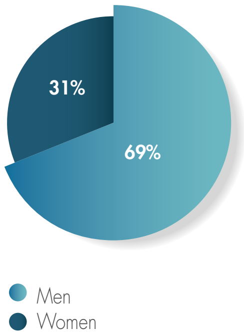
Independence of non-executive directors (%)



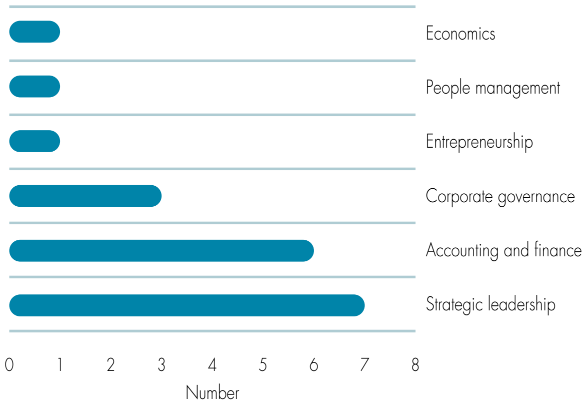
Diversity by race of all directors (%)



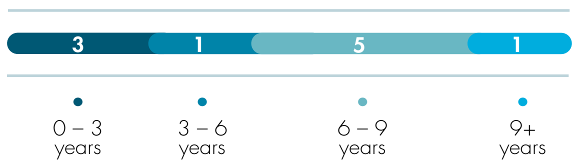
Diversity by gender of all directors (%)



Skills and expertise of all directors



Board tenure of chairman and non-executive directors



Executive committee

The group executive committee assists the CEO in guiding and controlling the overall direction of the business. It also acts as a medium of communication and coordination between divisions, group companies and the board.

André de Ruyter (48)
Chief executive officer
Qualifications: BA, BLC, LLB, MBA

Relevant skills and expertise
Strategic leadership in the manufacturing sector

Mxolisi Khutama (40)
Group executive: Plastics
Qualifications: BSc Eng, PGDMM, PGDBM

Relevant skills and expertise
Financial
Operational management
Business development
Administration

Glenn Fullerton (49)
Chief financial officer
Qualifications: CA(SA)

Relevant skills and expertise
Financial
Strategic leadership

Rob Morris (54)
Group executive: Africa and Glass
Qualifications: Pr Eng, BSc Eng, BComm (Hons)

Relevant skills and expertise
General management
Operational management in the Rest of Africa
Strategic leadership

Fezekile Tshiqi (62)
Group human resources director
Qualifications: BA, PGDHRM

Relevant skills and expertise
People management and development
Employee relations

Neill O'Brien (62)
Company secretary and group legal adviser
Qualifications: BProc

Relevant skills and expertise
Legal
Company secretarial
Insurance

Christiaan Burmeister (52)
Group executive: DivFood and R&D
Qualifications: CA(SA)

Relevant skills and expertise
Financial
Strategic leadership
Operational management
General management

Erik Smuts (46)
Group executive: Bevcan
Qualifications: CA(SA), ACMA, CIPM, GEDP

Relevant skills and expertise
Financial
Operational management in the Rest of Africa
General management
Strategic leadership

Remuneration report

Aligned with shareholders' expectations, Nampak's remuneration is designed to facilitate delivery of the group's strategy.

Report from the remuneration committee chairman

This year we have followed the same approach as we did last year in presenting a shortened version of our remuneration report within the integrated report, with the full, detailed report available online at .

Within this report, we have provided a summary of the remuneration policy in the form of a detailed elements table, which sets out our policy regarding the different elements of executive and prescribed officer remuneration, including applicable performance conditions and targets, the target levels of pay and the maximum opportunity. To illustrate what remuneration is payable in different performance scenarios, remuneration mix graphs are provided which indicate the levels of pay at threshold and stretch performance.

How did we perform in 2016?

Guaranteed package

Modest salary increases to guaranteed packages were approved in lie with company performance which amounted to increases of 3.7% for the executive directors and prescribed officers, compared to an average of 7.7% for the rest of the company.

Short-term incentive (STI)

The STI bonuses payable during the year reflect the decline in headline earnings per share, which was negatively impacted by the lack of liquidity in Nigeria and the significant currency movements against the US dollar. The emoluments table on page 88 sets out the actual STI bonuses and LTI outcomes for the year under review, and more detail can be found in the full remuneration report. Details of the individual key performance indicators and achievement against these indicators are included on page 87 of this report.

Long-term incentives (LTI)

The remuneration committee reviewed performance against the LTI targets at 30 September 2016 which will result in only partial awards vesting to executive directors and prescribed officers in December 2016.

No vesting will take place for the December 2013 allocations in respect of the Performance Share Plan (PSP) and Share Appreciation Plan (SAP) for two of the three performance elements namely for the headline earnings per share and total shareholder return performance targets. The third element of the PSP linked namely the return on equity target was exceeded and therefore the award will vest for this component in December 2016. This will constitute 30% of the PSP award. Shares purchased by participants in the DBP in December 2013, as a result of STI bonus payments earned for the financial performance in 2013, will receive the matching award in December 2016.

Proposed change for 2017

STI performance target for operational executives

The financial target for operational executives for 2016 was based on trading income. In order to ensure that the operations consider the implications of unnecessary expenditure and yet retain their line of sight on trading performance, the remuneration committee has approved a change to the financial performance target for 2017. The operational executive targets will be based on EBITDA adjusted for interest.

LTI performance target for the Performance Share Plan allocations

The financial performance conditions linked to the PSP, where the bulk of awards are made to the executive directors, prescribed officers and divisional managing directors require a real growth in headline earnings per share and a cumulative growth in total shareholder return for 70% of the awards. Up until 2016, 30% of the share awards vested against achievement of performance against return on equity targets.

The remuneration committee has approved a change to the return on equity performance targets for the December 2016 allocations and to replace this target with return on net asset targets. Equity positions can move significantly as a result of events which are outside the control of management and therefore share awards may vest or not vest based on external factors, whereas return on net assets is directly aligned with company performance.

Conclusion

We continue to engage with shareholders and welcome their inputs and contributions towards the remuneration philosophy and implementation.

In terms of King III and best practise principles the full remuneration policy as contained in the full remuneration report, published online, will be put to a non-binding shareholders' vote at the annual general meeting of shareholders.

PM Surgey
Chairman of the remuneration committee

Bryanston
2 November 2016

Remuneration committee

During the year, the remuneration committee (the committee) performed the following activities:

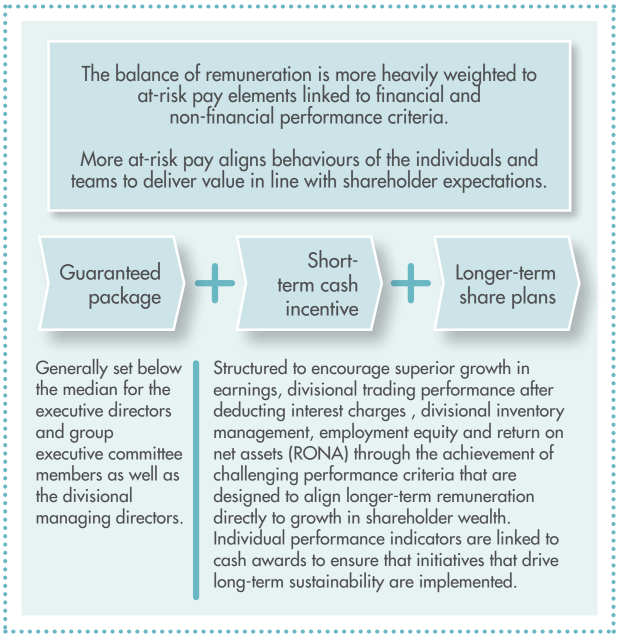
- reviewed the remuneration structure after considering advice from external advisers (PwC) to ensure that it remains appropriate in terms of current best market practice
- reviewed the guaranteed packages of the executive directors, group executive and divisional managing directors
- reviewed performance targets applicable to the short and long-term incentives
- established the future performance targets applicable to the short and long-term incentives
- considered management's recommendations for non-executive directors' fees and the fees for the board sub-committees before recommending to the board and then to shareholders for approval
- reviewed vesting of long-term incentives
- reviewed salary increases for all employees

Further details of committee membership and attendance can be found on page 71 of this report.

Remuneration philosophy

Our remuneration philosophy remains unchanged from previous years, and continues to balance the delivery of financial and non-financial measures that underpin the group's strategy. It supports the attraction and retention of high calibre, experienced individuals who are able to deliver under challenging conditions.

How do we pay?

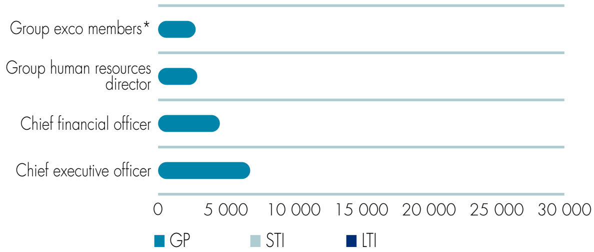


Remuneration mix: policy and actual

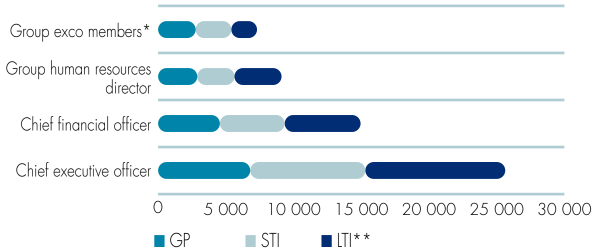
The graphs adjacent reflect the anticipated levels of remuneration if Nampak is below the performance target, or is above the expected performance and compared to the actual remuneration for 2016.

Executive directors and group executive committee members

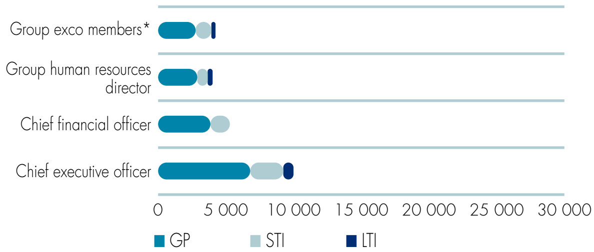
Below expected performance (R'000)



Above expected performance (R'000)



Actual (R'000)



* *Average GP.*

** *Based on the annualised maximum potential incentive. Group exco members based on maximum incentive potential applicable to the majority of Group Exco members.*

Governance and remuneration

Element	Description
Guaranteed package	Retirement funding, life cover, disability cover, personal accident insurance and medical cover are provided on a defined contribution basis and form part of the guaranteed packages. Guaranteed package levels are recommended by the chief executive officer after taking into account individual experience, current performance and contribution, future career progression as well as resource availability. The committee has discretion to approve guaranteed packages below or above the target percentage of the median, where specific circumstances merit a differential. Such circumstances could include attraction and retention of a scarce skill.
Annual cash incentive bonus (STI)	The STI structure for 2016 will be retained for 2017 with one change to the financial performance target for operational executives from trading income to EBITDA adjusted for interest. We explain the policy underpinning the STI below. The STI comprises two components, combined to form the total annual STI: • Individual performance component: individual delivery against identified strategic objectives. The individual performance targets are linked to financial and non-financial performance indicators. • Financial component: achievement against financial performance targets. The financial targets provide a balance between earnings growth and improvements in balance sheet ratios at a group and divisional level. The weighting between financial performance targets and individual performance targets used to determine the quantum of STIs is as follows:

Employee or employee group	Financial component weighting	Individual performance component weighting
AM de Ruyter	68%	32%
GR Fullerton	70%	30%
FV Tshiqi	70%	30%
Group executive committee members	60%	40%

To continue aligning the group's employment equity strategy with directors' remuneration, the director's incentives earned are discounted for non-achievement of employment equity targets. For 2016 and 2017, the value attached to this discount factor is 15%.

The committee has discretion to withdraw or change the incentive bonus scheme annually and to withhold any payments if specific circumstances necessitate.

The committee holds overriding discretion on incentive bonus payments including a zero bonus, should circumstances warrant.

Performance conditions and targets	Opportunity
There are no performance conditions directly linked to guaranteed packages. However, annual merit increases are aligned with performance management scores and contribution during the year.	The targeted level of guaranteed package for 2016 for directors, group executive committee and divisional managing directors was set at 92.5% of the average market median of the survey data. Guaranteed pay levels below these job roles are targeted at and above the median providing for the annual cash incentive bonus awards for stretch performance to deliver upper quartile and above earnings for managers.

Individual performance targets:

Individual performance targets are set and reviewed by the committee and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group.

Financial component of the STI:

Between 68% – 70% of the annual cash incentive bonus is attributable to financial performance. The percentage of the on-target amounts relating to the financial portion of the annual incentive bonus payments are calculated as follows:

Financial performance conditions for executive directors and group support staff 2016 and 2017:

Financial performance	Metric	Vesting profile	Stretch performance/ cap
Performance measure: **Headline earnings per share (HEPS)**	Growth in headline earnings per share in excess of the consumer price index was the achievement at the entry level and the top end achievement was 9% above the average consumer price index	Straight line: 0% at entry level and 100% at stretch	Capped at 9% above average CPI which translates into the stretch earning potential for individual executives. Earning potential is further modified by RONA performance detailed below
Modifier: **Return on net assets (RONA)**	This is a gatekeeper provision and RONA performance below 11.5%, will result in no incentive under the financial component vesting. The remuneration committee is able to review the RONA threshold target in the event of material corporate and strategic activities occurring. In setting the RONA threshold targets, the remuneration committee considers prior group performance as well as the RONAs of peer-group competitors in South Africa and internationally	• Below 11.5% = 0% vesting • 11.5% = 60% vesting • 12% = 70% vesting • 12.5% = 80% vesting • 13% = 90% vesting; and • 13.5% = 100% vesting	This performance target serves as a modifier and takes into account the short-term impact of investments on RONA

The following are the maximum potential incentives as a percentage of guaranteed package:

Employee or employee group	Total maximum potential incentive as a percentage of guaranteed package
AM de Ruyter	125%
GR Fullerton	105%
FV Tshiqi	95%
Group executive committee members	85% to 95%

Element	Description
Annual cash incentive bonus (STI) continued	In order to support the drive to improve operational efficiencies, the incentive bonus structures for the operational group executives were more closely aligned to direct line of sight performance targets for 2016. These targets have been modified for 2017 to further align cash management activities.

Performance conditions and targets

Opportunity

Financial performance condition targets for operational executives 2016:

Performance category	Percentage of maximum potential incentive	Vesting profile
Trading income (group excluding the United Kingdom)*	20%	Straight line: 0% at entry level and 100% at stretch
Trading income division/s*	40%	
Safety targets	10%	
Reduction in inventory*	15%	
Reduction in cost of overtime*	5%	
Individual performance target linked to division	10%	

* *Self-funded as directly contribute to improved financial performance*

Individual performance targets for operational executives 2017:

Individual performance targets are set and reviewed by the committee and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group.

The individual performance targets for the operational executives are split as follows:

Inventory (including improvement in spares management and maintenance practice)	15%
Safety targets	10%
Individual performance target linked to division	15%

Financial performance condition changes for operational executives 2017:

Financial performance category	Percentage of maximum potential incentive	Vesting profile
EBITDA adjusted for interest	60%	Straight line: 0% at entry level and 100% at stretch

Remuneration report continued

Element	Description
Performance Share Plan (PSP)	The PSP provides for the granting of performance share awards to executive directors and group executive committee members on an annual basis. Vesting of shares is conditional upon the group achieving specific stretch targets which are set by the committee at commencement of the three-year performance period. The performance periods commence on 1 October each year and end on 30 September three years later. Shares are allocated in the December immediately after commencement of the performance period in order to avoid allocations during closed periods and to provide time for the stock markets to adjust to the published results. In order to align participant reward with shareholders' returns and to support retention strategies, one third of the shares are released and vest immediately on the vesting date, the second one-third a year after the vesting date and the final one-third two years after the vesting date or five years from the original award date. Additional shares are awarded on the release dates which equate to the dividends that were earned on the vested shares during the performance period.
Share Appreciation Plan (SAP)	The SAP provides the committee with an instrument to retain executive directors and group executive committee members as well as providing the chief executive officer with a means to attract and retain talent at senior management levels within the group. Under the SAP, a number of share appreciation rights are periodically offered to executive directors, group executive committee members and senior managers. The vesting of these rights is conditional upon the group achieving specific performance criteria. At the end of the three-year performance period, the number of share appreciation rights that are released and vest to each participant are determined against achievement of the performance targets. The vesting structure for allocations after 2009 provides for immediate vesting if performance conditions are met and seven years from the original award date for vested options to be exercised.

Performance conditions and targets

Performance conditions for 2016 awards in respect of headline earnings per share and total shareholder return targets (consistent with 2015 awards)

Proposed performance targets and their weightings for allocations together with the performance conditions for the awards are reflected below:

Financial performance and weighting	Metric	Vesting profile	Stretch performance
Cumulative total shareholder return (TSR) (30% of the vesting achievement)	Improvement in cumulative TSR in excess of the consumer price index of between 9% and 24% over the three-year performance period	Straight line: 0% at entry level and 100% at stretch	Capped at 24% above average CPI which translates into the stretch earning potential for individual executives
Headline earnings per share (40% of the vesting achievement)	Improvement in headline earnings per share in excess of consumer price index on a linear basis between 0% and 24% over the three-year performance period	Straight line: 0% at entry level and 100% at stretch	Capped at 24% above average CPI which translates into the stretch earning potential for individual executives
Return on equity (30%) of the vesting achievement Performance condition for 2015 awards	Absolute ROE performance of between 15.5% and 17.5% at the end of the three-year performance period	• 15.5%= 60% vesting • 16% = 70% vesting • 16.5% = 80% vesting • 17% = 90% vesting; and • 17.5% = 100%	Capped at a ROE of 17.5% which translates into the stretch earning potential for individual executives
Proposed performance condition for 2016 awards to replace ROE Return on net assets (30%) of the vesting achievement	Absolute RONA performance of between 11.5% and 13.5% at the end of the three-year performance period. The remuneration committee is able to review the RONA target in the event of material corporate and strategic activities occurring after setting the RONA targets.	• 11.5% = 60% vesting • 12% = 70% vesting • 12.5% = 80% vesting • 13% = 90% vesting; and • 13.5% = 100% vesting	Capped at RONA of 13.5% which translates into the stretch earning potential for individual executives

Opportunity

The indicative expected value as a percentage of guaranteed package for the December 2015 award was as follows which is in line with the policy award levels:

Employee or employee group	Expected value as percentage of guaranteed package
AM de Ruyter	50%
GR Fullerton	40%
FV Tshiqi	30%
Group executive committee members	30%

This policy will be consistently applied to the December 2016 awards.

Performance condition for December 2016 awards (consistent with 2015 awards)

Consistent growth in headline earnings per share supports improved share price performance and forms the basis of the performance target under the share appreciation plan.

The performance target and the proposed performance condition for awards are reflected below:

	Metric	Vesting profile
Headline earnings per share (100% of the vesting achievement)	Improvement in headline earnings per share in excess of consumer price index plus 6% over the three-year performance period	Full vesting on achievement of performance target

The expected value as a percentage of guaranteed package for the December 2015 awards were and 2016 awards are as follows which is in line with the policy award levels:

Employee or employee group	Expected value as percentage of guaranteed package
AM de Ruyter	15%
GR Fullerton	15%
FV Tshiqi	10%
Group executive committee members	10%

Element	Description
Deferred Bonus Plan (DBP)	The DBP is the third element to the share plan structure. The purpose of the DBP is to encourage executive directors and group executive committee members to use up to 50% of their after tax annual bonus, awarded at an operating level, to acquire shares in the company that are retained for three years. The incentive to do so is a matching award of the number of shares purchased and held for a three-year period on a one-for-one basis.

Long-term incentives – dilution and IFRS expense

The limit placed on the total number of shares utilised for share plans has not been exceeded.

There is also a limit on the number of shares which can be allocated and remain unvested to any one individual under the three share plans. This limit, also approved by shareholders, is 2 200 000 shares and has not been exceeded.

The following share awards were granted in December 2015:

Name	Number of SAP awarded	Market value of awards Note 1	Number of PSP awarded	Market value of awards Note 1
Executive directors				
AM de Ruyter	140 080	–	325 850	6 389 919
GR Fullerton	78 268	–	153 823	3 016 469
FV Tshiqi	38 346	–	93 353	1 830 652
Group executive committee				
C Burmeister	38 346	–	91 533	1 794 962
M Khutama	38 346	–	85 923	1 684 950
RG Morris	38 346	–	98 183	1 925 369
NP O'Brien	38 346	–	90 403	1 772 803
EE Smuts	38 346	–	94 343	1 850 066

Note 1: VWAP at 30 September 2016 used to reflect market value of the awards.

Non-executive directors' remuneration

Non-executive directors received a base fee for their services as well as a meeting fee based on their participation in board meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. Non-executive directors are appointed by rotation in terms of Nampak's memorandum of incorporation.

An increase of 6% in the non-executive directors' fees and committee fees will be proposed for 2017 and the proposals are set out in the notice of annual general meeting.

Total remuneration outcomes for 2016

Total emoluments paid during the year ending 30 September 2016 and for 30 September 2015 are contained in the tables on page 88. The single-figure disclosure includes all guaranteed pay, annual cash incentive bonuses and the value from all long-term incentive plans which vested (or where the performance period ended) during the year under review.

Performance conditions and targets	Opportunity
The plan supports retention aspects, encourages shareholding by executives and directly aligns executive experience with that of shareholders. For this reason, and also to reflect the fact that performance conditions are applied in order to determine the annual bonus payment, no performance conditions are imposed on the matching awards granted under this plan.	Up to 50% of after tax annual bonus that is awarded at operating level can be used to acquire shares in the company. The expected value varies in accordance with achievement under the STI remuneration element.

The graphic below sets out the individual key performance indicators which applied to the group executive and divisional managing directors in 2016. The overall average achievement was 89.8% due to strongly improved performance operationally as well as significant improvements to the balance sheet. Many of these aspects will be carried forward to 2017.

Individual key performance indicators

Chief executive officer:

- Group safety target achieved
- Group liquidity managed
- Greater focus on capital expenditure projects
- Operational excellence initiatives delivering improved financial performance

Finance executives:

- Deleveraged balance sheet
- Property sale and leaseback transaction completed
- Reduction in defined benefit liabilities
- Mechanisms to mitigate risks associated with US dollar liquidity and currency movements in Nigeria and Angola
- Improved procurement maturity and achieved planned procurement savings
- Execution of group's IT strategy

Operational executives:

- Safety performance targets achieved
- Reduced overtime cost
- Improved inventory management
- Reduced spoilage at Bevcan Springs
- Execution of ends expansion and Rosslyn line 2 for Bevcan
- Implementation of business unit strategies for DivFood
- Glass returned to profitability with benchmark pack-to-melt ratios achieved
- Operational excellence specifically quality, planning and preventive maintenance in Plastics division
- Project pipeline in place for expansion into countries in the Rest of Africa

Human resources executives:

- Reduced overtime cost
- Restructured engagement structures with trade unions in South Africa (significant progress during the year)
- Management of Nampak's performance on the B-BBEE scorecard as the new codes were implemented (Empowerdex rating not finalised)
- Senior management succession and talent management processes in place with strong skills pipeline established
- Realigned people development programmes to entrench operational excellence values of making better

= > 90% (superior delivery) = > 75% (significant progress made during the year) = < 75% (work required)

Executive directors' and group executive committee members' total remuneration 2016

SAP and PSP awards for which the performance period expired at the end of the financial year under review are included in the 2016 remuneration (although releasing of these awards is still subject to continued employment until December 2016). For the DBP awards, although no prospective performance conditions are applicable to these awards, participation is voluntary and only quantified and made in December 2016. Accordingly, this information is not available at the time of publishing.

Name	Basic salary (rand)	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits[1] (rand)	STI[2] (rand)	Total remuneration (rand)	SAP and PSP[3] (rand)
Column	1	2	3 = 1+2	4	5	6 = 4+5	7
Executive directors							
AM de Ruyter	6 369 501	431 589	6 801 090	20 273	2 442 045	9 263 408	754 789
GR Fullerton	3 831 392	31 941	3 863 333	11 516	1 436 400	5 311 249	–
FV Tshiqi	2 642 421	249 346	2 891 767	8 620	766 463	3 666 850	367 433
Total	12 843 314	712 876	13 556 190	40 409	4 644 908	18 241 507	1 122 222
Group executive committee							
C Burmeister	2 475 833	246 307	2 722 140	8 114	1 664 371	4 394 625	236 477
M Khutama	1 992 114	207 886	2 200 000	6 558	721 050	2 927 608	–
RG Morris	3 067 042	273 958	3 341 000	9 959	1 823 117	5 174 076	393 318
NP O'Brien	2 375 665	241 519	2 617 184	7 801	599 087	3 224 072	291 836
EE Smuts	2 730 966	252 738	2 983 704	8 894	988 680	3 981 278	302 131
Total	12 641 620	1 222 408	13 864 028	41 326	5 796 305	19 701 659	1 223 762

1 *Other benefits refers to group personal accident cover.*
2 *STI disclosed is based on performance during the 2016 financial year, but actual STI payments will only be made in December 2016.*
3 *SAPs and PSPs disclosed were awarded in December 2013 (January 2014 for AM de Ruyter), with the applicable performance period ending 30 September 2016. Values represented are calculated using the VWAP as at 30 September 2016.*

Executive directors' and group executive committee members' total remuneration 2015

Name	Basic salary (rand)	Payments by offshore companies (rand)[1]	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits[10] (rand)	STI[11] (rand)	Total remuneration (rand)	SAP and PSP[12] (rand)
Column	1	2	3	4 = 1+2+3	5	6	7 = 4+5+6	8
Executive directors								
AM de Ruyter[2]	6 078 024	–	524 976	6 603 000	4 251 527	2 057 495	12 912 022	–
GR Fullerton[3]	316 667	–	–	316 667	882	90 250	407 799	–
G Griffiths[4]	2 161 399	645 408	161 366	2 968 173	283 144	576 488	3 827 804	500 918
AH Howie[5]	444 234	–	39 109	483 342	1 347	–	484 689	–
FV Tshiqi	2 528 725	–	214 886	2 743 612	7 482	557 125	3 308 218	330 695
Total	11 529 049	645 408	940 336	13 114 793	4 544 381	3 281 358	20 940 533	831 613
Group executive committee								
C Burmeister	2 356 294	–	199 706	2 556 000	6 970	1 537 658	4 100 628	187 816
PA de Weerdt[6]	2 893 355	–	246 987	3 140 342	5 089 458	807 735	9 037 535	1 772 918
M Khutama[7]	338 335	–	28 332	366 667	1 022	79 420	447 108	–
RG Morris[8]	2 921 912	–	247 916	3 169 829	496 901	600 762	4 267 492	354 584
SE Msane[9]	1 402 882	–	119 094	1 521 976	6 144 271	317 208	7 983 455	1 420 490
NP O'Brien	2 265 718	–	191 732	2 457 450	7 071	488 160	2 952 681	260 831
EE Smuts	2 671 703	–	225 097	2 896 800	8 269	596 487	3 501 556	213 726
Total	14 850 199	–	1 258 865	16 109 063	11 753 961	4 427 430	32 290 454	4 210 365

1 *For the purposes of total remuneration, offshore payments have been converted into rand using the average exchange rate of GBP1: R18.5583*
2 *Received a sign on cash award of R4 233 152, paid on 5 January 2015.*
3 *Appointed with effect from 1 September 2015.*
4 *Retired with effect from 19 June 2015. Received leave pay to the value of R277 318 on termination.*
5 *Appointed in the role of acting chief financial officer for the period 19 June 2015 to 31 August 2015.*
6 *Early retirement with effect from 30 September 2015. Received a loss of office payment of R4 192 735. Received a cash settlement in respect of post retirement medical aid of R886 232. Received a long service award to the value of R7 500 for 35 years' service.*
7 *Appointed with effect from 1 August 2015.*
8 *Received a settlement in respect of post retirement medical aid of R487 887 in the form of a pension fund contribution.*
9 *Retrenched with effect from 31 March 2015. Received a loss of office payment of R4 305 427. Received a special incentive in respect of the sale of the paper businesses of R1 834 793.*
10 *Unless specifically noted above, other refers to group personal accident cover.*
11 *STI disclosed is based on performance during the 2015 financial year, but actual STI payments will only be made in December 2015.*
12 *SAPs and PSPs disclosed were awarded in December 2012, with the applicable performance period ending 30 September 2015 and the employment period ending in December 2015.*

Values represented are calculated using the VWAP as at 30 September 2015.

Non-executive directors' remuneration 2016/2015

The non-executive remuneration paid during the year under review (as approved by shareholders) and the total comparative figure for 2015 are disclosed below:

Name	Directors' fees (rand) Base fee	Directors' fees (rand) Meeting fees	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 total fees (rand)	Total 2016 (rand)	Total 2015 (rand)
RC Andersen	164 200	103 800	185 000	98 500	71 450	176 800	–	–	799 750	777 980
E Ikazoboh	164 200	69 200	–	–	–	81 900	–	–	315 300	347 970
RJ Khoza	164 200	103 800	–	–	71 450	–	–	–	339 450	321 745
NV Lila[3]	164 200	103 800	185 000	–	–	–	170 101	–	623 101	416 540
PM Madi	164 200	69 200	–	–	–	90 200	90 200	176 800	590 600	546 410
TT Mboweni[1]	1 667 400	–	–	–	–	–	–	–	1 667 400	1 580 500
IN Mkhari	164 200	86 500	185 000	–	–	90 200	–	90 200	616 100	548 590
DC Moephuli[2]	164 200	69 200	–	–	–	81 900	81 900	–	397 200	416 530
CWN Molope[3]	164 200	103 800	362 700	–	–	–	97 102	–	727 802	658 755
RV Smither[4]	–	–	–	–	–	–	–	–	–	255 875
PM Surgey	164 200	103 800	–	191 050	71 450	–	90 200	90 200	710 900	704 380
	3 145 200	813 100	917 700	289 550	214 350	521 000	529 503	357 200	6 787 603	6 575 275

[1] *Fee includes participation in board sub-committees meetings.*
[2] *Fee donated to Transnet Foundation.*
[3] *NV Lila took over chairman role of the Risk and Sustainability committee from CWN Molope with effect from 3 November 2015.*
[4] *Resigned from the board and all committees with effect 4 February 2015.*

Governance and remuneration

Notice of annual general meeting

Notice is hereby given that the 49th annual general meeting of shareholders of Nampak Ltd will be held in The Forum at The Campus, Wanderers Building, 57 Sloane Street, Bryanston, 2021, South Africa on Wednesday, 1 February 2017 at 12:00 for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out below.

The record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 2 December 2016.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting, is Friday, 27 January 2017. Accordingly, the last date to trade in order to be registered in the company's register of shareholders is Tuesday, 24 January 2017.

Presentation of annual financial statements

The consolidated audited annual financial statements of the company and of the group, for the year ended 30 September 2016, incorporating the directors' report, the audit committee report and the auditor's report, have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act, No 71 of 2008 (as amended) (the Companies Act).

Report of the social, ethics and transformation committee

In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, the chairman of the social, ethics and transformation committee will table a report to shareholders, as contained in the integrated report, at the annual general meeting. The full report is available on the website with a summary included on page 30 of the integrated report.

Percentage voting rights

Ordinary resolutions 1 to 9 require a minimum of 50% plus 1 vote of the voting rights cast in order for the resolutions to be adopted:

Ordinary resolution number 1 – re-election of retiring director

"RESOLVED that Mr RC Andersen, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and he is hereby re-elected as an independent, non-executive director of the company."

Ordinary resolution number 2 – re-election of retiring director

"RESOLVED that Professor PM Madi, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and he is hereby re-elected as an independent, non-executive director of the company."

Ordinary resolution number 3 – re-election of retiring director

"RESOLVED that Ms NV Lila, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and she is hereby re-elected as an independent, non-executive director of the company."

Ordinary resolution number 4 – re-election of retiring director

"RESOLVED that Mr PM Surgey, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation and who is eligible and available for re-election, be and he is hereby re-elected as an independent, non-executive director of the company."

Ordinary resolution number 5 – appointment of external auditors

"RESOLVED that Deloitte & Touche be appointed as the company's external auditors, as nominated by the company's audit committee, until the next annual general meeting and noted that Mr Trushar Kalan will undertake the audit during the financial year ending 30 September 2017 as the individual registered auditor of Deloitte & Touche."

Ordinary resolution number 6 – appointment of a member of the audit committee

"RESOLVED that Mr RC Andersen, an independent, non-executive director of the company, be and he is hereby appointed a member and chairman of the audit committee until the next annual general meeting of the company."

Ordinary resolution number 7 – appointment of a member of the audit committee

"RESOLVED that Ms NV Lila, an independent, non-executive director of the company, be and she is hereby appointed a member of the audit committee until the next annual general meeting of the company."

Ordinary resolution number 8 – appointment of a member of the audit committee

"RESOLVED that Mrs IN Mkhari, an independent, non-executive director of the company, be and she is hereby appointed a member of the audit committee until the next annual general meeting of the company."

Following the decision of Mrs Molope to step down on 1 February 2017, the board has recommended that the remaining three members of the audit committee be re-elected by shareholders. A communication will be sent to shareholders in due course about the election of a fourth member to the committee.

* *Brief biographies of the directors named in resolutions 1 to 4 and 6 to 8 above, appear on pages 74 and 75 of the integrated report.*

Ordinary resolution number 9 – confirmation of the group's remuneration policy

"RESOLVED that as a non-binding advisory vote, the group's remuneration policy as set out in the remuneration report on pages 78 to 89 of the integrated report be and is hereby confirmed."

Percentage voting rights

The following special resolutions require a minimum of 75% of the voting rights cast in order for the resolutions to be adopted:

Special resolution number 1 – non-executive directors' fees

"RESOLVED that on the recommendation of the remuneration committee, the annual fees payable to the non-executive directors of the company for the 12 months from 1 October 2016 to 30 September 2017, be approved as follows:

	Proposed fees				Current fees
Board/committee	Base fee per annum (rand)	Fee per meeting for attendance (rand)	Number of formal meetings scheduled per annum (rand)	Total proposed fee per annum (rand)	Total fee per annum (rand)
Non-executive chairman[1]				1 767 450	1 667 400
Non-executive director	174 200	18 300	5	265 700	250 700
Chairman of the audit committee	158 150	37 700	3	271 250	255 900
Member of the audit committee	94 250	17 000	3	145 250	137 000
Chairman of the nomination committee					
Member of the nomination committee	56 850	6 300	2	69 450	65 500
Chairman of the investment committee[2]	157 200	15 100			
Member of the investment committee[2]	78 000	8 800			
Chairman of the remuneration committee	157 200	15 100	2	187 400	176 800
Member of the remuneration committee	78 000	8 800	2	95 600	90 200
Chairman of the risk and sustainability committee	157 200	15 100	2	187 400	176 800
Member of the risk and sustainability committee	78 000	8 800	2	95 600	90 200
Chairman of the social, ethics and transformation committee	157 200	15 100	2	187 400	176 800
Member of the social, ethics and transformation committee	78 000	8 800	2	95 600	90 200

[1] *Single fee for the role of non-executive chairman and participation in sub-committee meetings, including fee for chairing nomination committee.*

[2] *Fees paid only when investment committee meetings are required.*

Reason and effect

The reason for and effect of special resolution number 1 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

Special resolution number 2 – general authority to repurchase company shares

"RESOLVED that subject to compliance with the requirements of the JSE Limited and the Companies Act, the company or any of its subsidiaries be and they are hereby granted a general authority to acquire by purchase on the JSE ordinary shares issued by the company provided that:

(i) the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
(ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution is passed;
(iii) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made; and
(iv) the number of shares purchased by subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times."

Reason and effect

The reason and effect for special resolution number 2 is to grant the company a general authority to allow it or any of its subsidiaries, if the directors of the company deem it appropriate in the interests of the company, to acquire by purchase on the JSE ordinary shares issued by the company subject to the restrictions contained in the above resolution. Such purchases:

(i) may not in any financial year exceed 20% of the company's ordinary shares in issue at the date of passing the above resolution;
(ii) must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
(iii) may not be made at prices in excess of 10% above the weighted average of the market value of the ordinary shares for the five days preceding the date of purchase;
(iv) must comply with the requirements of the JSE; and
(v) if made by a subsidiary or subsidiaries may not exceed 10% in the aggregate of the issued shares in the company.

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of a repurchase of up to 20% of the company's issued ordinary shares, are of the opinion that if such repurchase is implemented:

(i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
(ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;
(iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice; and
(iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice.

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

Share capital

	Authorised		Issued	
	Number of shares	R million	Number of shares	R million
Ordinary shares of 5 cents each	776 857 200	38.9	688 668 338	34.4
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		35.4

The issued ordinary share capital includes 48 784 062 treasury shares of which 3 713 207 are held by the Nampak Black Management Trust.

Share premium as at 30 September 2016: R250.7 million.

In terms of the JSE Listings Requirements for special resolution number 2, the following general information is included in the integrated report:

(i) Directors and management (pages 74 to 77)

(ii) Major shareholders (page 97)

(iii) There have been no material changes since 30 September 2016

(iv) Share capital of the company (page 92)

(v) The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 74 to 76 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (the notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements."

Special resolution number 3 – Financial assistance to related or inter-related companies or corporations

"RESOLVED, as a special resolution, in terms of section 45 of the Companies Act, that the company provides at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in such section of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the company and/or to any 1 (one) or more members of any such related or inter-related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation, provided that:

1. the board from time to time determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided;
2. the board may not authorise the company to provide any financial assistance pursuant to this special resolution unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance;"

Reason and effect

The main reason for special resolution number 3 is to authorise the directors, if they deem it appropriate in the interests of the company, to provide financial assistance to related or inter-related companies and/or to any one or more members of any such related or inter-related companies subject to the restrictions contained in the above resolution.

The effect of special resolution number 3 will be to ensure that Nampak's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from Nampak.

Identification, voting and proxies

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

In terms of section 63(1) of the Companies Act, any person attending or participating in the general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

In accordance with the company's memorandum of incorporation, voting shall be by ballot only.

Shareholders holding dematerialised shares, but not in their own name, must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the attached form of proxy.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut-off time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP or broker will assume that you do not wish to attend the general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with or post it to the share registrar.

Forms of proxy must be dated and signed by the shareholder appointing a proxy and should be forwarded to reach the share registrar by no later than 12:00 on Monday, 30 January 2017. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

Notice of annual general meeting continued

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:

1. An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual as a proxy to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the company. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.
2. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of: (a) the date stated in the revocation instrument, if any and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
5. If the instrument appointing the proxy has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to: (a) the shareholder or (b) the proxy, if the shareholder has: (i) directed the company to do so in writing and (ii) paid any reasonable fee charged by the company for doing so.
6. Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

Electronic communication

Shareholders or their proxies may participate in the meeting by way of telephone conference call and, if they wish to do so:

- must contact the assistant company secretary (by email at the address sipho.mahlangu2@za.nampak.com) by no later than 12:00 on Friday, 27 January 2017 in order to obtain dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Voting will not be possible via electronic facilities and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the notice of the meeting.

By order of the board

NP O'Brien
Company secretary
20 December 2016

Nampak Ltd
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton
2191
Republic of South Africa

Form of proxy

Nampak Ltd
(Incorporated in the Republic of South Africa)
(Registration number: 1968/008070/06)
(Share code: NPK ISIN: ZAE000071676)
("Nampak" or "the company")

FORM OF PROXY FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN NAME" DEMATERIALISED SHAREHOLDERS ONLY – 49th ANNUAL GENERAL MEETING

For use only:

- by holders of certificated shares of the company; and
- holders of dematerialised shares in the company held through a Central Securities Depository Participant (CSDP) or broker and who have selected "own name" registration;

at the annual general meeting of the company to be held in The Forum at The Campus, Wanderers Building, 57 Sloane Street, Bryanston, 2021, South Africa on Wednesday, 1 February 2017 at 12.00 or at any adjournment thereof (the annual general meeting).

If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a Nampak shareholder.

If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have **not** selected "own name" registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We ____

(Full names in BLOCK LETTERS please)

of (address) ____

telephone (work) ______________________ (home) ______________________

being the holder(s) of ______________________ ordinary shares in the company, hereby appoint (see note 2):

1. ____ or failing him/her

2. ____ or failing him/her

3. the chairman of the company, or failing him the chairman of the annual general meeting, as my/our proxy to attend, speak, and on a poll to vote or abstain from voting on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof.

INSERT AN 'X' OR THE NUMBER OF ORDINARY SHARES HELD IN THE COMPANY (see note 2)

Proposed resolutions	For	Against	Abstain
1. To re-elect RC Andersen			
2. To re-elect PM Madi			
3. To re-elect NV Lila			
4. To re-elect PM Surgey			
5. To appoint the external auditors			
6. To appoint RC Andersen a member of the audit committee			
7. To appoint NV Lila a member of the audit committee			
8. To appoint IN Mkhari a member of the audit committee			
9. To confirm the group's remuneration policy			
10. Special resolution number 1: to approve the fees payable to the non-executive directors			
11. Special resolution number 2: to authorise the directors of the company to acquire or purchase shares issued by the company on the JSE Limited			
12. Special resolution number 3: to authorise the directors of the company to provide financial assistance to related or inter-related companies or corporations			

Note: Please indicate with an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote (see note 2).

Signed at ______________________ on ______________________ 2016/2017

Signature ____

Notes to form of proxy

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.

2. A shareholder may therefore insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting the words "the chairman of the company or failing him the chairman of the annual general meeting". The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the chairman of the company or failing him the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and the special resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit, in respect of the shareholder's total holding.

4. The completion and lodging of this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

5. In case of joint shareholders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholders, for which purpose seniority will be determined by the order in which the names appear on the company's register of shareholders in respect of the joint holding.

6. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any ordinary resolution or special resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes.

8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chairman of the annual general meeting.

9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.

10. Forms of proxy must be lodged with or posted to the company, c/o Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107, South Africa), to be received by no later than 12:00 on Monday, 30 January 2017.

Analysis of registered shareholders and company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as at 30 September 2016:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 — 1 000 shares	4 024	57.44	1 399 250	0.20
1 001 — 10 000 shares	2 119	30.25	6 869 384	1.00
10 001 — 100 000 shares	517	7.38	17 769 103	2.58
100 001 — 1 000 000 shares	264	3.77	83 437 329	12.12
1 000 001 shares and above	81	1.16	579 193 272	84.10
Total	7 005	100	688 668 338	100

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:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	23	0.33	50 026 106	7.26
• Directors and associates	10	0.14	343 418	0.05
• Prescribed officers and management	11	0.16	830 913	0.12
• Treasury shares	1	0.01	45 070 855	6.54
• Empowerment	1	0.01	3 780 920	0.55
Public shareholders	6 982	99.67	638 642 232	92.74
Total	7 005	100.00	688 668 338	100.00

Substantial investment management and beneficial interests

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 30 September 2016:

Investment management shareholdings

Investment manager	Total shareholding	%
Allan Gray Investment Council	128 888 113	18.72
PIC	75 022 828	10.89
Lazard Asset Management LLC Group	57 122 575	8.29
Somerset Capital Management LLP	51 367 483	7.46
Nampak Products Ltd	45 070 854	6.54
Wellington Management Company	31 768 406	4.61
Capital Research & Management	22 249 000	3.23
Total	411 489 259	59.75

Shareholders' diary

Annual general meeting	1 February 2017
Interim statement and ordinary dividend announcement for the half-year ending 31 March 2017	May 2017
Group results and ordinary dividend announcement for the year ending 30 September 2017	November 2017

Dividend

Ordinary

Final for the year ended 30 September 2016	No dividend being paid
Interim for the half-year ending 31 March 2017	To be paid in July 2017

Preference

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

Glossary of terms

B-BBEE	Broad-based black economic empowerment
CAGR	Compound annual growth rate
Capex	Capital expenditure
Cullet	Waste glass
CSD	Carbonated soft drinks
DBP	Deferred bonus plan
DEA	Department of Environmental Affairs
dti	Department of Trade and Industry
EBITDA	Earnings before interest, taxation, depreciation and amortisation
FABS	Flavoured alcoholic beverages
FMCG	Fast-moving consumer goods
FTSE/ Russell ESG	FTSE Russell Environmental Social & Governance
GDP	Gross domestic product
HDPE	High-density polyethylene
HEPS	Headline earnings per share
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IOM	Isle of Man
IOS	International Organisation for Standardisation
LPG	Liquefied petroleum gas
LTI	Long-term incentive
LTIFR	Lost-time injury frequency rate. It refers to the rate of occurrence of workplace incidents that result in an employee's inability to work the next full work shift. It refers to the number of such injuries that occur within a given period relative to the total number of hours worked in the same accounting period
MTI	Medium-term incentive
OHSAS	Occupational Health and Safety Assessment Series
PET	Polyethylene terephthalate
Preforms	Test-tube-shaped containers with thick walls, blow-moulded on customers' sites
PRMA	Post-retirement medical aid
PRO	Producer responsibility organisations
PSP	Performance share plan
R&D	Research and development
ROE	Return on equity
RONA	Return on net assets
SAP	Share appreciation plan
SKU	Stock-keeping unit
STI	Short-term incentive
TGRC	The Glass Recycling Company
UHT	Ultra-heat treated

Corporate information

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

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