

NAMPAK HOLDINGS (UK) PLC

Report and Financial Statements

30 September 2002

**Deloitte & Touche
London**



REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

Nampak Holdings (UK) PLC is an investment holding company.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company will continue to hold its investment in its subsidiaries and to support its subsidiaries' activities in the manufacture and sale of plastic containers.

The group has continued to invest for greater efficiencies and will continue to look for expansion opportunities.

SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the entire interest held in two subsidiaries, Plysu Protection Systems Limited and Nampak Iberica S.L., were sold by way of management buy-out. The effective dates of the respective disposals were 8 January 2003 and 18 March 2003.

On 5 March 2003, Nampak Holdings (UK) PLC acquired the entire ordinary share capital of Fission Holdings Limited and Malbak UK Limited for £87.0m and £86.5m respectively.

On 6 March 2003, Nampak Holdings (UK) PLC acquired the entire share capital of MY Holdings Plc for £102.9m.

With the exception of the Fission Holdings Limited transaction, all acquisitions have been funded through group loans. Nampak Holdings (UK) PLC funded the acquisition of Fission Holdings Limited through the issue of an additional 200,000 ordinary shares of £1 each at a premium of £434 per share.

DIRECTORS AND THEIR INTERESTS

The directors who held office throughout the year and to the date of the report were as follows:

G E Bortolan
T Evans
M E Soloman
D C S Mathews

No directors of the company had any interests in the shares of the company or any other UK group company throughout the year.

DIVIDENDS

The directors do not propose the payment of a dividend (2001 – £nil).

RESEARCH AND DEVELOPMENT

Expenditure on research and development amounted to £0.2m (2001 – £0.2m). All costs are written off to the profit and loss account as expenditure is incurred.

CREDITOR PAYMENT POLICY

It is group policy to agree terms and conditions of trade as part of the contractual relationship with suppliers. Invariably these will be standard conditions which include the terms of payment. It is group policy to settle invoices in accordance with agreed terms. Nampak Holdings (UK) PLC holds the investments in group companies, does not trade itself and does not have suppliers within the meaning of the Companies Act 1985. However, the directors believe it would be helpful to give the disclosures on a group basis. The average creditor days outstanding at 30 September 2002 was 66 days (2001 – 66 days).

DIRECTORS' REPORT (continued)

EMPLOYMENT OF DISABLED PEOPLE

The company is an equal opportunity employer and its policy is that disabled persons should be considered for all job vacancies and subsequent career and promotional opportunities, on the basis of aptitude and ability. The company continues to help with the retraining and rehabilitation of staff who become disabled during the course of their employment.

EMPLOYEE PARTICIPATION

Staff consultation on issues affecting them and the business has continued to take place through quarterly briefing meetings as well as by formal and informal meetings with management.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Deloitte & Touche be appointed as auditors of the company will be put to the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J D Oesch
Secretary

1 April 2003

120 Station Road
Woburn Sands
Milton Keynes
MK17 8SE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAMPAK HOLDINGS (UK) PLC

We have audited the financial statements of Nampak Holdings (UK) PLC for the year ended 30 September 2002 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements.

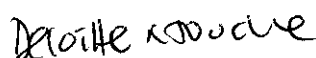
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30 September 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors
London

3.4. 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 30 September 2002

	Note	Before exceptional items £m	Exceptional items (Note 4) £m	Total 2002 £m	Total 2001 £m
TURNOVER	2	163.1	-	163.1	166.4
Cost of sales		(123.3)	(4.0)	(127.3)	(134.3)
GROSS PROFIT		39.8	(4.0)	35.8	32.1
Distribution costs		(14.1)	-	(14.1)	(14.6)
Administrative costs		(19.1)	-	(19.1)	(19.7)
OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES	3	6.6	(4.0)	2.6	(2.2)
Net interest payable	6			(6.5)	(9.3)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(3.9)	(11.5)
Tax credit on loss on ordinary activities	7			0.3	0.7
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR				(3.6)	(10.8)

There is no material difference between the loss as reported above and that on an historical cost basis.

All amounts relate to continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 September 2002

	2002 £m	2001 £m
Loss for the financial year	(3.6)	(10.8)
Exchange gain on foreign currency net investments	0.3	0.8
Total recognised gains and losses for the financial year	(3.3)	(10.0)

CONSOLIDATED BALANCE SHEET
30 September 2002

	Note	£m	2002 £m	£m	2001 £m
FIXED ASSETS					
Intangible assets	8		40.5		42.8
Tangible assets	9		101.3		104.7
			<u>141.8</u>		<u>147.5</u>
CURRENT ASSETS					
Stocks	11	8.3		8.0	
Debtors	12	30.5		33.0	
Investments	13	-		0.3	
Cash at bank and in hand		10.0		8.4	
		<u>48.8</u>		<u>49.7</u>	
CREDITORS: amounts falling due within one year	14	(55.8)		(42.8)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(7.0)</u>		<u>6.9</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			134.8		154.4
CREDITORS: amounts falling due after more than one year	15		(67.7)		(113.8)
PROVISIONS FOR LIABILITIES AND CHARGES	17		(6.9)		(5.5)
NET ASSETS			<u>60.2</u>		<u>35.1</u>
CAPITAL AND RESERVES					
Called up equity share capital	19		1.7		1.4
Share premium account	20		77.5		49.4
Other reserves	20		0.9		0.9
Profit and loss account	20		(19.9)		(16.6)
Equity shareholders' funds			<u>60.2</u>		<u>35.1</u>

These financial statements were approved by the Board of Directors on 1 April 2003.

Signed on behalf of the Board of Directors


 G E Bortolan
 Director

COMPANY BALANCE SHEET
30 September 2002

	Note	£m	2002 £m	£m	2001 £m
FIXED ASSETS					
Investments	10		129.9		129.9
CURRENT ASSETS					
Debtors	12	20.7		31.8	
		<u>20.7</u>		<u>31.8</u>	
CREDITORS: amounts falling due within one year	14	(6.2)		(11.6)	
NET CURRENT ASSETS			<u>14.5</u>		<u>20.2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			144.4		150.1
CREDITORS: amounts falling due after more than one year	15		(79.1)		(110.2)
NET ASSETS			<u>65.3</u>		<u>39.9</u>
CAPITAL AND RESERVES					
Called up equity share capital	19		1.7		1.4
Share premium account	20		77.5		49.4
Profit and loss account	20		(13.9)		(10.9)
Equity shareholders' funds			<u>65.3</u>		<u>39.9</u>

These financial statements were approved by the Board of Directors on 1 April 2003

Signed on behalf of the Board of Directors



G.E. Bortolan
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and all subsidiaries for the year ended 30 September 2002. Results of the subsidiaries are included in the group results from the effective date of acquisition and those of undertakings sold up to the effective date of disposal. Profits or losses on intra-group transactions are eliminated in full.

Goodwill

Prior to 1 October 1998, all goodwill arising on acquisitions was written off to reserves. Following the introduction of FRS10, which relates to goodwill and intangible assets, the accounting policy has been changed and goodwill arising on acquisitions is capitalised and amortised over its useful economic life.

Goodwill previously written off is to remain eliminated against reserves. On disposal of the business concerned, this goodwill is included in determining the gain or loss on disposal in the profit and loss account.

Investments

Investments are stated at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Tangible fixed assets are depreciated over their estimated useful lives on a straight line basis as follows:

Short leasehold properties	Period of lease
Freehold buildings	50 years
Plant and machinery	10% to 25%

No depreciation is provided on freehold land or long leasehold properties, as it is the company's policy to maintain long leasehold properties in a continual state of sound repair. The useful economic lives of these assets are thus so long and residual values so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Any permanent impairment in value is taken to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Engineering stores

Engineering stores are expensed on acquisition.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002**1. ACCOUNTING POLICIES (continued)****Deferred taxation (continued)**

The group adopted FRS 19 "Deferred Tax" during the year, which involved moving from a partial provision basis for deferred tax to a full provision basis. There has been no impact on current or prior year results; accordingly, a restatement of comparatives is not required.

Foreign currencies

Transactions in foreign currency are recorded at the rates ruling at the dates of the transactions.

Monetary assets and liabilities in foreign currencies are translated at the exchange rate ruling at the balance sheet date or at rates specified in forward contracts where these are in place. These translation differences are dealt with through the profit and loss account.

Pension costs

The group operates both defined benefit and defined contribution schemes, the assets of which are held independently from the group. Contributions paid to the defined benefit schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' average working lives with the group.

Contributions paid to defined contribution schemes are charged against profits as incurred.

Research and development

Total costs of the company's research and development programme are written off to the profit and loss account as expenditure is incurred.

Leased assets

Assets held under finance lease and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Cashflow

The group is not required under Financial Reporting Standard 1 to prepare a cashflow statement as Nampak Holdings (UK) PLC is a wholly owned subsidiary of Nampak Limited which publishes a consolidated cashflow statement.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002**2. TURNOVER AND OPERATING ASSETS**

Turnover comprises the value of sales (excluding sales taxes and net of discounts) of goods and services in the normal course of business. Turnover is derived from the group's principal activity of the manufacture of plastic containers and other products for industrial and domestic use.

Geographical segments 2002	Total sales £m	Turnover by origin Inter-country £m	Third party £m	Sales by destination £m	Operating assets £m
United Kingdom	119.5	(2.4)	117.1	115.5	96.3
Rest of Europe	46.2	(0.2)	46.0	47.1	33.4
Rest of the World	-	-	-	0.5	-
	<u>165.7</u>	<u>(2.6)</u>	<u>163.1</u>	<u>163.1</u>	<u>129.7</u>
Unallocated net assets					<u>(69.5)</u>
Total net assets					<u>60.2</u>

Geographical segments 2001	Total sales £m	Turnover by origin Inter-country £m	Third party £m	Sales by destination £m	Operating assets £m
United Kingdom	128.2	(4.1)	124.1	122.5	101.1
Rest of Europe	42.5	(0.2)	42.3	43.4	34.7
Rest of the World	-	-	-	0.5	-
	<u>170.7</u>	<u>(4.3)</u>	<u>166.4</u>	<u>166.4</u>	<u>135.8</u>
Unallocated net assets					<u>(100.7)</u>
Total net assets					<u>35.1</u>

Results by geographical segment have not been disclosed, as, in the opinion of the directors, this would be seriously prejudicial to the interests of the group.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

3. OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2002 £m	2001 £m
Operating profit/(loss) on ordinary activities is stated after charging:		
Depreciation on tangible fixed assets – owned	13.4	14.8
Auditors' remuneration:		
Audit fees – company £nil (2001 – £nil)	0.1	0.1
Non-audit fees to the auditors and their associates – company £nil (2001 – £0.1m)	0.1	0.2
Rentals under operating leases		
Hire of plant and machinery	0.1	0.1
Other	0.7	0.7
Amortisation of goodwill	2.3	2.3
Exceptional costs (note 4)	4.0	8.6
	<u> </u>	<u> </u>

4. EXCEPTIONAL COSTS

	2002 £m	2001 £m
Costs of reorganisation		
Costs of sales	4.0	6.4
Distribution	-	0.1
Administration	-	2.1
	<u> </u>	<u> </u>
	4.0	8.6
	<u> </u>	<u> </u>

The reorganisation of the group's European operations has continued during the year. Included within provisions at the year end date is £0.5m (2001 - £0.5m)

5. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

No directors received any remuneration from Nampak Holdings (UK) PLC or its subsidiaries for their services to the company in the current and prior year.

Information regarding the group's employees is as follows:

	2002 £m	2001 £m
Wages and salaries	37.2	36.8
Social security costs	4.1	4.2
Other pension costs (see note 25)	1.7	1.8
	<u> </u>	<u> </u>
	43.0	42.8
	<u> </u>	<u> </u>

The average number of employees of the group during the year was 1,823 (2001 – 1,880).

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

6. NET INTEREST PAYABLE

	2002 £m	2001 £m
Interest payable and similar charges:		
On bank loans and overdrafts	6.6	9.5
	<u>6.6</u>	<u>9.5</u>
Interest receivable	(0.1)	(0.2)
	<u>(0.1)</u>	<u>(0.2)</u>
Net interest payable	<u>6.5</u>	<u>9.3</u>

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2002 £m	2001 £m
Prior year adjustment	0.1	0.1
Overseas tax	0.4	0.1
	<u>0.5</u>	<u>0.2</u>
Current taxation charge for the year	0.5	0.2
Credit for deferred tax	(0.8)	(0.9)
	<u>(0.3)</u>	<u>(0.7)</u>
Total taxation credit for the year	<u>(0.3)</u>	<u>(0.7)</u>

	2002 £m	2001 £m
Loss on ordinary activities before taxation	(3.9)	(11.5)
	<u>(3.9)</u>	<u>(11.5)</u>
Profit charge/(credit) at 30% thereon:	(1.2)	(3.5)
Effects of:		
Prior year adjustment	0.1	0.1
Overseas tax not sheltered by UK Losses	0.4	0.1
Non deductible expenses	2.8	2.7
Non taxable income	(1.4)	(0.2)
Net capital allowances	(0.2)	(0.5)
Losses not utilised in period	-	1.5
	<u>0.5</u>	<u>0.2</u>
Current taxation charge for the year	<u>0.5</u>	<u>0.2</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £m
Cost	
At 1 October 2001 and 30 September 2002	47.1
Amortisation	
At 1 October 2001	4.3
Charged during the year	2.3
At 30 September 2002	6.6
Net book value	
At 30 September 2002	40.5
At 30 September 2001	42.8

Goodwill arising on the acquisition of Nampak Plc is being amortised evenly over the directors' estimate of its useful economic life of twenty years.

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings		Plant and machinery	Total
	£m	Long £m	Short £m	£m	£m
Cost or valuation					
At 1 October 2001	45.7	0.7	0.5	84.7	131.6
Exchange rate adjustments	0.1	-	-	0.3	0.4
Additions	-	-	-	17.4	17.4
Disposals	(6.3)	-	-	(4.6)	(10.9)
At 30 September 2002	39.5	0.7	0.5	97.8	138.5
Depreciation					
At 1 October 2001	1.4	-	0.5	25.0	26.9
Exchange rate adjustments	-	-	-	0.1	0.1
Charge for year	0.7	-	-	12.7	13.4
Disposals	(0.2)	-	-	(3.0)	(3.2)
At 30 September 2002	1.9	-	0.5	34.8	37.2
Net book value					
At 30 September 2002	37.6	0.7	-	63.0	101.3
At 30 September 2001	44.3	0.7	-	59.7	104.7

Freehold land and buildings cumulative cost includes £254,000 (2001 – £254,000) capitalised interest.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

9. TANGIBLE FIXED ASSETS (continued)

Included within fixed assets are non depreciable assets:

	2002	2001
	£m	£m
Land and buildings	17.9	20.5
Plant and machinery in the process of commissioning	17.7	11.7
	<u>35.6</u>	<u>32.2</u>

10. INVESTMENTS HELD AS FIXED ASSETS

Company	Shares in subsidiary undertakings £m
At 1 October 2001 and 30 September 2002	<u>129.9</u>

The company has a 100% holding in Nampak plc and BlowMocan Holdings Limited. BlowMocan Holdings Limited is itself a holding company and holds a 100% investment in BlowMocan Polysystems Limited. During the prior year the operations of BlowMocan Polysystems Limited were hived across into Nampak plc, and thus BlowMocan Polysystems Limited and BlowMocan Holdings Limited have become dormant.

Nampak plc has a number of direct and indirect subsidiary undertakings, which are detailed below. Since the group's acquisition of Nampak plc on 5 December 1999 the brands division of Nampak plc has not been consolidated as it was not considered to be part of the group's core activities (Note 13).

Subsidiaries

Operating companies	Country of incorporation	Dormant companies	Country of incorporation
Nampak Plc	Great Britain	BlowMocan Holdings Limited	Great Britain
Plysu Protection Systems Limited	Great Britain	BlowMocan Polysystems Limited	Great Britain
Plysu Brands Limited	Great Britain	AMK Plastics Limited	Great Britain
Menshen Packaging Limited†	Great Britain	Plysu Containers Limited	Great Britain
Nampak Halfweg B.V.	Netherlands	Paklite Limited	Great Britain
Nampak Kerkrade B.V.	Netherlands	Simon Renfrew Containers Limited	Great Britain
Nampak Belgium N.V.	Belgium		
Nampak Gent N.V.	Belgium	Overseas holding companies	
Nampak Montpont S.A.	France	Nampak Continental Holdings B.V.	Netherlands
Nampak Iberica S.L. Φ	Spain	Nampak France S.A.	France
Nampak Deutschland GmbH	Germany		

All companies are wholly owned and operate principally in their country of incorporation. All non-UK companies are owned by Nampak Continental Holdings B.V. with the exception of Nampak Montpont S.A. which is owned by Nampak France S.A.. All companies draw up their accounts to 30 September with the exception of Menshen Packaging Limited, which draws up accounts to 31 March.

† The group owns 50% of the ordinary share capital of Menshen Packaging UK Limited.

Φ There is a 3% minority interest in Nampak Iberica S.L.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

11. STOCKS

	2002 £m	2001 £m
Raw materials and consumables	3.8	3.4
Work in progress	0.2	0.2
Finished goods	4.3	4.4
	<u>8.3</u>	<u>8.0</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. DEBTORS

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Trade debtors	24.3	26.7	-	-
Amounts owed by group undertakings	0.2	-	20.7	31.8
Corporation tax receivable	0.6	1.1	-	-
Other debtors	2.9	3.1	-	-
Prepayments and accrued income	2.5	2.1	-	-
	<u>30.5</u>	<u>33.0</u>	<u>20.7</u>	<u>31.8</u>

Included within group other debtors £0.2m (2001 - £0.2m) and group prepayments £0.8m (2001 - £0.9m), are amounts due after more than one year.

13. INVESTMENTS

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Current asset investment	-	0.3	-	-

The current asset investment represents the net expected proceeds from the disposal of the Brands division of Nampak plc. This division was not considered to be part of the groups' core activities, and has not been consolidated since acquisition. The disposal process is now complete. The net assets of the division at the 30 September 2002 were £nil (2001 - £0.9m) and losses incurred in the year were £1.2m (2001 - £4.3m).

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£m	£m	£m	£m
Bank loans and overdrafts	7.0	-	-	-
Trade creditors	24.9	27.4	-	-
Amounts due to group undertakings	-	-	-	11.3
Amounts due to parent undertaking	7.7	-	6.0	-
Corporation tax	3.9	4.1	-	-
Other taxes and social security	4.0	3.8	-	-
Other creditors and accruals	8.3	7.5	0.2	0.3
	<u>55.8</u>	<u>42.8</u>	<u>6.2</u>	<u>11.6</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£m	£m	£m	£m
Loan note	0.8	1.2	0.8	1.2
Bank loans	66.9	106.5	67.0	97.4
Loans due to parent undertakings	-	6.1	-	11.6
Amounts due to group undertakings	-	-	11.3	-
	<u>67.7</u>	<u>113.8</u>	<u>79.1</u>	<u>110.2</u>

16. ANALYSIS OF LOANS

	2002	2001
	£m	£m
Bank loans:		
Due within one year	5.8	-
Due in more than one year but not more than two years	67.0	107.1
Loan notes:		
Due in more than two years but not more than five years	0.8	1.2
Loan due to parent undertakings		
Due in more than five years	-	6.1
	<u>73.6</u>	<u>114.4</u>
Less: issue costs	(0.1)	(0.6)
	<u>73.5</u>	<u>113.8</u>
Less: included in creditors amounts falling due within one year (note 14)	(5.8)	-
	<u>67.7</u>	<u>113.8</u>

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

16. ANALYSIS OF LOANS (continued)

The floating rate unsecured guaranteed loan notes 2000/2005 were issued at par for £4.8m and can be repaid bi-annually on the interest payment dates in multiples of £1,000. On 31 December 2001 £0.1m were redeemed at par with a further £0.3m being redeemed at par on 30 June 2002. The contracted repayment date is 31 December 2005.

The interest rate on the loan notes is 1.5% below the arithmetic mean of the rates offered by any two London clearing banks on a six month sterling deposit of £1m.

Included with bank loans is a £67m (2001 - £98m) unsecured syndicated loan, this loan facility has been extended for a further twelve months and has a contracted repayment date of 21 October 2003. Bank loans include an Euro loan facility provide by Barclays Bank of £5.8m (2001 - £9.1m), this is unsecured and is repayable in full by February 2003.

The repayments of the syndicated loan made in the year were funded by the ultimate parent company Nampak Limited.

The loan from the parent undertaking in the prior year was interest free, this loan was redeemed as part of the issue of new shares during the year (Note 19).

17. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred taxation provisions £m	Pensions £m	Other £m	Total £m
At 1 October 2001	2.6	1.7	1.2	5.5
(Released)/charged to profit and loss account	(0.8)	1.1	2.8	3.1
Utilised	-	-	(1.7)	(1.7)
At 30 September 2002	1.8	2.8	2.3	6.9

Pensions provisions relate to SSAP 24 (note 25).

Other provisions relate to contractually committed losses and a provision for costs of disposal and closure of the Brands division held as a current asset investment until its disposal.

18. DEFERRED TAXATION

Group	2002		2001	
	Provided £m	Unprovided £m	Provided £m	Unprovided £m
Accelerated capital allowances	1.8	-	2.6	-

Company	2002		2001	
	Provided £m	Unprovided £m	Provided £m	Unprovided £m
Accelerated capital allowances	-	-	-	-

No provision is made for taxation, which would arise in the event of the distribution of the retained profits of overseas subsidiaries unless such a distribution is proposed.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

19. CALLED UP SHARE CAPITAL

	2002 £m	2001 £m
Authorised		
2,000,000 ordinary shares of £1 each	2.0	2.0
Allotted, called up and fully paid		
1,684,692 (2001 – 1,401,000) ordinary shares of £1 each	1.7	1.4
	Nominal value	Consideration
	No.	£
Shares issued during the year were:		
Ordinary shares	283,692	28,369,299

The issue of 283,692 ordinary shares was made to the company's parent company Nampak International Limited on 31 October 2001. The proceeds of the issue were used to reduce the syndicated loan balance and group intercompany borrowings.

20. RESERVES

Group	Shares premium account £m	Other reserve £m	Profit and loss account £m	Total £m
At 1 October 2001	49.4	0.9	(16.6)	33.7
Retained loss for the year	-	-	(3.6)	(3.6)
Issue of ordinary shares	28.1	-	-	28.1
Currency translation differences on foreign currency	-	-	0.3	0.3
At 30 September 2002	77.5	0.9	(19.9)	58.5
Company	Share premium account £m	Profit and loss account £m	Total £m	
At 1 October 2001	49.4	(10.9)	38.5	
Retained loss for the year	-	(3.0)	(3.0)	
Issue of ordinary shares	28.1	-	28.1	
At 30 September 2002	77.5	(13.9)	63.6	

The cumulative amount of positive and negative goodwill arising from acquisitions of subsidiaries written off prior to 30 September 1999 was £4.2m for the group and £5.1m for the company.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

21. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2002 £m	2001 £m
Loss on ordinary activities after taxation	(3.6)	(10.8)
Other recognised gains and losses related to the year (net)	0.3	0.8
New share capital issued including share premium	28.4	20.0
Net addition to shareholders' funds	25.1	10.0
Opening shareholders' funds	35.1	25.1
Closing shareholders' funds	60.2	35.1

22. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's result for the financial year amounted to a loss of £3.0m (2001 – £6.8m loss).

23. CAPITAL COMMITMENTS

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Contracted for but not provided for in the financial statements	1.2	5.7	-	-

24. OPERATING LEASE COMMITMENTS

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Plant and machinery which expire:				
Between two and five years	0.2	0.1	-	-
Land and buildings which expire:				
Within one year	0.1	-	-	-
Between two and five years	-	0.3	-	-
After five years	0.3	0.1	-	-
	0.4	0.4	-	-

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

25. PENSIONS COSTS

The total cost to the group of its pensions arrangements was £1.7m (2001 – £1.8m). These costs arose as follows:

UK defined benefit schemes

The group participates in two defined benefit schemes: Nampak plc Staff Pension and the Nampak plc Pension Plan. Costs have been assessed in accordance with SSAP 24. The contributions and pension cost are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit credit method of valuation. The most recent valuations were at 1 April 2000 which showed that the aggregate market value of the schemes' assets was £54.5m and that the actuarial value of those assets (£46.9m) represented 125% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The pension cost for the year for the two plans amounted to £1.3m (2001 - £1.3m). Contributions of £0.3m (2001 - £0.5m) were made by the group for these two plans. Amounts included in respect of pensions are £2.5m (2001 - £1.5m) in provisions for liabilities and charges.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

Transitional FRS 17 disclosures

The additional disclosures required by FRS 17 during the transitional period for the defined benefit schemes are set out below. They are based on the most recent actuarial valuations described above, which have been updated by independent professionally qualified actuaries to take account of the requirements of FRS 17.

The financial assumptions (per annum) used in the update were as follows:

	Nampak plc Staff Pension		Nampak plc Pension Plan	
	2002	2001	2002	2001
Rate of increases in salaries	4.0%	5.0%	3.25%	4.5%
Rate of increase in pensions in payment	2.5%	3.0%	2.5%	3.0%
Rate of revaluation of deferred pensions	2.5%	3.0%	2.5%	3.0%
Discount rate	6.0%	6.25%	6.0%	6.25%
Inflation assumption	2.5%	3.0%	2.5%	3.0%

The value of the schemes' assets and the expected rate of return were:

	Expected rate of return	2002 £m	Expected rate of return	2001 £m
Equities	8.25%	22.9	7.5%	30.2
Bonds	5.0%	13.5	5.0%	8.1
Other	4.5%	0.4	4.5%	3.8
Total market value of assets		36.8		42.1
Present value of scheme liabilities		(46.7)		(49.2)
Net pension liability		(9.9)		(7.1)
Related deferred tax asset		2.9		2.1
Net pension deficit		(7.0)		(5.0)

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

25. PENSION COSTS (continued)

Analysis of the amount charged to operating profit:

	2002
	£m
Current service costs	2.1

Analysis of the amount credited to other finance income:

	2002
	£m
Expected return on pension scheme assets	2.8
Interest on pension scheme liabilities	(3.1)
Total finance income	(0.3)

Analysis of the amount recognised in the consolidated statement of total recognised gains and losses (STRGL):

	2002
	£m
Actual returns less expected return on pension scheme assets	(7.4)
Experience gains and losses arising on scheme liabilities	1.8
Changes in assumptions underlying the present value of scheme liabilities	4.9
Actuarial loss recognised in STRGL	(0.7)

Movement in surplus during the year:

	2002
	£'m
Deficit at beginning of year	(7.1)
Movement in year:-	
Current service cost	(2.1)
Contributions	0.3
Other finance income	(0.3)
Actuarial loss	(0.7)
Deficit at the end of year	(9.9)

History of experience gains and losses:

	2002
Difference between the expected and actual return on scheme assets	
Amount (£m)	(7.4)
Percentage of scheme assets (%)	(20%)
Experience gains and losses on scheme liabilities	
Amount (£m)	1.8
Percentage of present value of the scheme liabilities (%)	(4%)
Total amount recognised in statement of total recognised gains and losses	
Amount (£m)	(0.8)
Percentage of present value of the scheme liabilities (%)	(2%)

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002

25. PENSION COSTS (continued)

If FRS17 had been adopted in these financial statements, the Group's net assets and profit and loss reserve would have been as follows:

	2002 £m	2001 £m
Net assets excluding pension liability	67.7	62.6
Pension liability	(7.0)	(5.0)
	<hr/> 60.7	<hr/> 57.6
<i>Less: SSAP24 items included in net assets that will be reversed on implementation of FRS 17</i>	<hr/> 2.5	<hr/> 1.5
Net assets on FRS 17 basis	<hr/> <hr/> 63.2	<hr/> <hr/> 59.1
	2002 £m	2001 £m
Profit and loss reserve excluding pension liability	41.1	36.1
Pension liability	(7.0)	(5.0)
	<hr/> 34.1	<hr/> 31.1
<i>Less: SSAP24 items included in net assets that will be reversed on implementation of FRS 17</i>	<hr/> 2.5	<hr/> 1.5
Profit and loss reserve on FRS 17 basis	<hr/> <hr/> 36.6	<hr/> <hr/> 32.6

The disclosed pension scheme liability of £9.9m (2001 – liability of £7.1m) has been calculated in accordance with the requirements of the accounting standard FRS 17 as published by the Accounting Standards Board in December 2000. This standard requires pension scheme funding levels to be assessed using a number of prescribed assumptions. The disclosed position is specific to the accounting date and the same calculation carried out on a different date (even in close proximity), can lead to volatile funding level differences. Given the exact date of these calculations and the position of stock markets at the end of September 2002, we believe that the figures must be viewed against this background.

This volatility arises because, like many other pension schemes, the Trustees invest predominantly in equities, in the expectation that, over the long term, superior returns can be obtained compared to investment in, say, bonds. However, the liabilities are assessed having regard to the returns available on high quality corporate bonds. This means that the assets and liabilities can often behave very differently leading to volatile funding level changes (up and down) at successive accounting dates. The latest accounting year was one where equities performed very poorly compared to corporate bonds.

NOTES TO THE ACCOUNTS (continued)
Year ended 30 September 2002**25. PENSION COSTS (continued)**

The company, in conjunction with the Trustees of both pension plans, regularly reviews investment performance and strategy to ensure these have regard to appropriate funding objectives.

UK defined contribution schemes

The group continues to operate defined contribution schemes for the benefit of the employees. The assets of the scheme are held in a fund independent from those of the company. The pension costs were £0.2m (2001 - £0.2m).

Overseas schemes

There are five overseas schemes in force, targeting benefits based upon final pensionable pay, with contributions being charged to the profit and loss account in order to spread the cost of pensions over the employees' average working lives with the group.

The guaranteed benefits are funded through insurance contracts. Any future surpluses, which arise from these benefits, will be used to reduce the group's contributions. The pension cost for these schemes was £0.2m (2001 - £0.3m). Amounts included in respect of pensions are £0.3m (2001 - £0.2m) in provisions for liabilities and charges.

Group

Amounts included in the balance sheet in respect of pensions are £2.8m (2001 - £1.7m) in provisions for liabilities and charges.

26. RELATED PARTY DISCLOSURE

The company has taken advantage of the exemption granted by paragraph 3 (c) of Financial Reporting Standard 8 not to disclose related party transactions with Nampak group companies.

27. ULTIMATE PARENT COMPANY

The immediate parent company and controlling entity, and the parent of the smallest group which prepares consolidated financial statements and includes the company, is Nampak International Limited, a company incorporated in the Isle of Man.

The ultimate parent company and controlling entity, and the parent of the largest group which prepares consolidated financial statements and includes the company, is Nampak Limited, a company incorporated in South Africa. Copies of the group financial statements are available from Nampak Limited, PO Box 784324, Sandton 2146, South Africa.

28. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the entire interest held in two subsidiaries, Plysu Protection Systems Limited and Nampak Iberica S.L., were sold by way of management buy-out. The effective dates of the respective disposals were 8 January 2003 and 18 March 2003.

On 5 March 2003, Nampak Holdings (UK) PLC acquired the entire ordinary share capital of Fission Holdings Limited and Malbak UK Limited for £87.0m and £86.5m respectively.

On 6 March 2003, Nampak Holdings (UK) PLC acquired the entire share capital of MY Holdings Plc for £102.9m.

With the exception of the Fission Holdings Limited transaction, all acquisitions have been funded through group loans. Nampak Holdings (UK) PLC funded the acquisition of Fission Holdings Limited through the issue of an additional 200,000 ordinary shares of £1 each at a premium of £434 per share.