

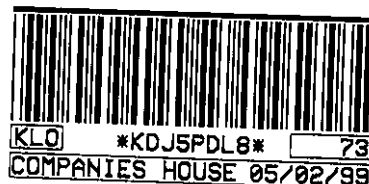


**NAMPAK HOLDINGS (UK) LIMITED**

**Report and Financial Statements**

**30 September 1998**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1998**

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**REPORT AND FINANCIAL STATEMENTS 1998**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G E Bortolan  
B P Connellan  
T Evans  
E P Pfaff  
M E Soloman

**SECRETARY**

G J H Shaw

**REGISTERED OFFICE**

Pitfield  
Kiln Farm  
Milton Keynes  
MK11 3LE

**BANKERS**

Standard Bank London Limited  
Cannon Bridge House  
25 Dowgate Hill  
London  
EC4A 2SB

**SOLICITORS**

Maitland & Co  
5th Floor  
44-48 Dover Street  
London  
W1X 3RF

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 1998.

**PRINCIPAL ACTIVITIES**

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

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

During the year, the company's principal investment was a 100 per cent holding in the ordinary share capital of Blowmopan (Holdings) Limited.

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

The group has continued to invest for greater efficiencies and is well placed to further strengthen its market position.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year were as follows:

B P Connellan  
G E Bortolan  
T Evans  
E P Pfaff  
M E Soloman

No directors of the company had any interests in the shares of the company, or any other UK group company, at the end, or the beginning of the year.

**DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not propose the payment of a dividend (1997: nil)

**YEAR 2000**

The Year 2000 issue is one that effects all companies. A Year 2000 programme has been initiated and progress is regularly monitored by the directors.

The directors aim to ensure that the company will be Year 2000 compliant by March 1999. Costs incurred to date and anticipated future costs in relation to Year 2000 compliance are insignificant.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

G E Bortolan

Director

9.12 1998

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 a 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 safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors

G E Bortolan

Director

9.12 1998



## AUDITORS' REPORT TO THE MEMBERS OF

### NAMPAK HOLDINGS (UK) LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

#### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with 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 and the group'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 affairs of the company and the group as at 30 September 1998 and of the profit of the group for the year then ended 30 September 1998 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

9.12 1998


**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 30 September 1998**

	Note	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
<b>TURNOVER</b>	2	30,269	10,617
Cost of sales		(24,359)	(9,179)
Gross profit		5,910	1,438
Administrative expenses		(4,752)	(1,722)
<b>GROUP OPERATING PROFIT</b>		1,158	(284)
Share of losses of associated undertaking		-	(3,754)
<b>TOTAL OPERATING PROFIT/(LOSS)</b>		1,158	(4,038)
Interest receivable and similar income	3	298	528
Interest payable and similar charges	4	(395)	(356)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	1,061	(3,866)
Tax credit on profit/(loss) on ordinary activities	7	-	328
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT/LOSS FOR THE FINANCIAL YEAR</b>	15	1,061	(3,538)

All results are derived from continuing operations.

There are no recognised gains or losses nor movements in shareholders' funds other than the profit for the year and the previous year.


**CONSOLIDATED BALANCE SHEET**  
**30 September 1998**

	Note	£'000	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>				
Tangible assets	8	17,416	18,526	
<b>CURRENT ASSETS</b>				
Stocks	10	322	461	18,526
Debtors	11	9,996	5,902	
Cash at bank and in hand		1	3,969	
		10,319	10,332	
<b>CREDITORS: amounts falling due within one year</b>	12	(6,899)	(8,786)	
<b>NET CURRENT ASSETS</b>			3,420	1,546
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			20,836	20,072
<b>CREDITORS: amounts falling due after more than one year</b>	13		(10,915)	(11,212)
			9,921	8,860
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		1,000	1,000
Share premium			11,750	11,750
Goodwill reserves	15		904	904
Profit and loss account	15		(3,733)	(4,794)
<b>EQUITY SHAREHOLDERS' FUNDS</b>			9,921	8,860

These financial statements were approved by the Board of Directors on 9.12 1998.

Signed on behalf of the Board of Directors

 G E Bortolan  
 Director




**COMPANY BALANCE SHEET**  
**30 September 1998**

	Note	£'000	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>				
Investments	9		18,958	22,519
<b>CURRENT ASSETS</b>				
Debtors	11	4,962		807
Cash at bank and in hand		1		302
			4,963	1,109
<b>CREDITORS: amounts falling due within one year</b>	12		(6)	(10)
<b>NET CURRENT ASSETS</b>			4,957	1,099
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			23,915	23,618
<b>CREDITORS: amounts falling due after more than one year</b>	13		(9,382)	(9,382)
			14,533	14,236
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		1,000	1,000
Share premium	15		11,750	11,750
Profit and loss account			1,783	1,486
<b>EQUITY SHAREHOLDERS' FUNDS</b>			14,533	14,236

These financial statements were approved by the Board of Directors on 9.12. 1998.

Signed on behalf of the Board of Directors

G E Bortolan

Director

**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 1998****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. Comparative figures have been restated to reflect changes in presentation mainly arising from the adoption of Financial Reporting Standard 9, Associates and Joint Ventures. 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 1998. Profit or losses on intra-group transactions are eliminated in full.

Goodwill arising on consolidation is written off to reserves immediately on acquisition.

**Depreciation**

Depreciation is calculated to write down the cost of intangible and tangible fixed assets other than freehold and leasehold properties by the straight line method over their expected useful lives.

The rates generally applicable are:

Short leasehold properties	Period of lease
Plant and machinery	10% to 20%
Moulds	20%
Small tools	10%
Motor vehicles	25%

No depreciation is provided on freehold or long leasehold properties as it is the group's policy to maintain these assets 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 diminution in value is written off in the profit and loss account.

**Stocks**

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

**Engineering stores**

Engineering stores are expensed to revenue on acquisition.

**Deferred taxation**

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

**Foreign currencies**

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

**Pension costs**

Pension costs of the defined contribution scheme are charged against profits as incurred.



**NOTES TO THE ACCOUNTS**

**Year ended 30 September 1998**

**1. ACCOUNTING POLICIES (continued)**

**Leased assets**

Assets held under finance leases 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 balance 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.

**Cash flow**

The company has taken advantage of the exemption allowed under Financial Reporting Standard 1 (Revised) 'Cash Flow Statements' not to produce a cash flow statement, as its ultimate parent company is Nompak Limited whose publically available financial statements include a group cash flow statement.

**2. TURNOVER**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts. All turnover derives from the group's principal activity and arises in the UK.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
Bank interest	298	528

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
On bank loans, overdrafts and other loans		
Repayable within five years	196	88
Repayable wholly or partly in more than five years	145	48
Finance charges in respect of hire purchase contracts	54	20
Share of net interest payable of associates	-	200
	395	356


**NOTES TO THE ACCOUNTS**
**Year ended 30 September 1998**
**5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
Loss on ordinary activities before taxation is after charging		
Auditors' remuneration	28	28
Other fees payable to auditors	6	6
Depreciation of tangible fixed assets:	2,075	799
Rentals under operating leases:		
Hire of plant and machinery	69	32
Other	465	51
	<u>          </u>	<u>          </u>

**6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

No directors received any remuneration from Nampak Holdings (UK) Limited in the year or the prior period.

Information regarding the group's employees as follows:

	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
Staff costs during the period were as follows:		
Wages and salaries	5,957	6,286
Social security costs	527	538
Pension costs (of defined contribution scheme)	224	115
	<u>          </u>	<u>          </u>
	6,708	6,939
	<u>          </u>	<u>          </u>

The average number of employees of the group during the period was 347 (1997 - 368).

**7. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	Year ended 30 September 1998 £'000	22 September 1996 to 30 September 1997 £'000
United Kingdom corporation tax credit at 31% (1997 - 31 %) based on the loss for the year/period	-	(328)
	<u>          </u>	<u>          </u>

There is no tax charge in the current year due to brought forward losses. The 1997 tax credit related to prior year corporation tax provisions which were no longer required due to group relief claims.


**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 1998**
**8. TANGIBLE FIXED ASSETS**

GROUP	Freehold land and buildings £'000	Leasehold land and buildings Long £'000	Short £'000	Plant and machinery £'000	Total £'000
Cost:					
At 30 September 1997	5,161	689	552	18,840	25,242
Additions	86	3	-	938	1,027
Disposals	-	-	(56)	(6)	(62)
At 30 September 1998	5,247	692	496	19,772	26,207
Accumulated depreciation:					
At 30 September 1997	-	-	463	6,253	6,716
Charge for the period	-	-	33	2,042	2,075
Disposals	-	-	-	-	-
At 30 September 1998	-	-	496	8,295	8,791
Net book value:					
At 30 September 1998	5,247	692	-	11,477	17,416
At 30 September 1997	5,161	689	89	12,587	18,526

Freehold land and buildings cumulative cost includes £254,000 (1997 - £254,000) capitalised interest. Included in the above are assets held under hire purchase agreements as follows:

	Plant and machinery	
	1998	1997
	£000	£000
Net book amount at the end of the year	728	888
Depreciation provided in the year	160	251

**9. INVESTMENTS HELD AS FIXED ASSETS**

COMPANY	Shares in subsidiary company £'000	Loans to subsidiary £'000	Other investments £'000	Total £'000
Cost				
At 30 September 1997	12,493	10,025	1	22,519
Transfer to subsidiary	-	(3,561)	-	(3,561)
At 30 September 1998	12,493	6,464	1	18,958

The investment relates to a 100% holding of BlowMocan Holdings Limited which is itself a holding company incorporated in Great Britain.


**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 1998**
**10. STOCKS**

	Group	
	30 September 1998 £'000	30 September 1997 £'000
Raw materials and consumables	88	172
Finished goods and goods for resale	234	289
	<u>322</u>	<u>461</u>

**11. DEBTORS**

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Trade debtors	5,049	5,123	-	-
Amount due from parent undertaking	4,724	430	4,724	430
Amounts due from subsidiary	-	-	200	339
Prepayments and accrued income	185	311	-	-
Corporation tax receivable	38	38	38	38
	<u>9,996</u>	<u>5,902</u>	<u>4,962</u>	<u>807</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Bank loans and overdrafts	964	1,838	-	-
Other loan	45	53	-	-
Trade creditors	4,410	4,901	-	-
Amounts owed to group undertakings	-	-	-	-
Other creditors including taxation and social security	753	567	-	-
Other creditors	-	15	-	-
Accruals and deferred income	638	976	6	10
Hire purchase creditors	89	436	-	-
	<u>6,899</u>	<u>8,786</u>	<u>6</u>	<u>10</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 1998**

**13. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR**

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Bank loans (see below)	1,488	1,625	-	-
Other loans	45	116	-	-
Hire purchase creditors	-	89	-	-
Loans from parent undertaking	9,382	9,382	9,382	9,382
	<u>10,915</u>	<u>11,212</u>	<u>9,382</u>	<u>9,382</u>
Bank loans (excluding current instalments):	£'000	£'000	£'000	£'000
Repayable by instalments over more than five years:				
At 1% above 3 months LIBOR repayable in equal instalments terminating in 2009	1,090	1,199	-	-
At 1% above 3 months LIBOR repayable in equal instalments terminating in 2013	398	426	-	-
	<u>1,488</u>	<u>1,625</u>	<u>-</u>	<u>-</u>

The bank loans and overdraft are secured by fixed and floating charges over all the assets of a subsidiary company Blowmogan Polysystems Limited which include specific charges over freehold land and buildings with a net book amount of £5,247,000.

Other loans include a loan of £45,000 (1997 - £90,000) secured on the assets of the subsidiary with an interest rate of 10.75%.

The loan from the parent undertaking is interest free and not repayable within five years.

**14. CALLED UP SHARE CAPITAL**

	1998	1997
	£'000	£'000
Authorised:		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Called up, allotted and fully paid:		
1,000,002 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 30 September 1998**
**15. RESERVES**

	Share Premium £'000	Goodwill Reserves £'000	Profit and loss account £'000
<b>The Group</b>			
At 1 October 1997	11,750	904	(4,794)
Retained loss for the year	-	-	1,061
	<u>11,750</u>	<u>904</u>	<u>(3,733)</u>
<b>The Company</b>			
At 1 October 1997	11,750	-	1,486
Retained profit for the year	-	-	297
	<u>11,750</u>	<u>-</u>	<u>1,783</u>

**16. 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 £297,756 (1997 - £964,560).

**17. CAPITAL COMMITMENTS**

	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Contracted for but not provided in the financial statements	295	613	-	-
	<u>295</u>	<u>613</u>	<u>-</u>	<u>-</u>

**18. OPERATING LEASE COMMITMENTS**

At 30 September 1998 the group was committed to making the following payments during the year in respect of operating leases:

	1998		1997	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	7	-	7
Within two to five years	109	45	85	53
	<u>109</u>	<u>52</u>	<u>85</u>	<u>60</u>



**NOTES TO THE ACCOUNTS****Year ended 30 September 1998****19. 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.

**20. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling entity 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.