5 SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2016 were reflective of the challenges faced by the Group, both economically and operationally. The Paper business was affected by the shortage of waste paper, the resultant high recovered paper prices which impacted raw material input costs throughout the paper operations exacerbated by lower containerboard sales volumes. The Plastics business, excluding the loss made by Mpact Polymers, delivered a solid performance and maintained margins. Mpact Polymers had a difficult year with start-up costs exceeding expectations due to higher production costs.

Revenue increased by 5.8% to R10.1 billion due to higher average selling prices and product mix with the acquisition of Remade contributing 2.8%.

In the Paper business segment revenue for the year was up 5.2% to R7.4 billion. The acquisition of Remade improved revenue by 4.0%.

Revenue in the Plastics business increased by 8.6% to R2.8 billion. Excluding the new Mpact Polymers business, volumes in the Plastics business were flat. Good volume growth in bins and crates offset volume declines in FMCG, preforms and closures and trays and films businesses.

Underlying operating profit decreased by 13.7% to R784 million with the operating profit margin decreasing to 7.8% from 9.5% in the prior year. ROCE for the year declined to 14.2% (December 2015: 18.9%). A stable trading performance in the converting operations of Paper and Plastics were offset by the effect of lower containerboard sales and the loss in Mpact Polymers. The results of the Paper and Plastics businesses are set out in detail in the Operational Review sections on pages 30 to 35, respectively, of this Integrated Report.

For the year ended 31 December 2016, **special items**, net of tax, amounted to R30 million following the closure of the Zimbabwe Plastics business at the end of the year.

Net finance costs increased by 44.7% to R191 million as a result of higher interest rates and increased average net debt over the year on the back of capital expenditure of R837 million, the Remade acquisition and increased working capital requirements. Net finance costs increased with interest on major projects capitalised last year and now expensed following their completion in 2015.

The effective **tax rate** for the year substantially increased from 21.8% to 31.5%. The tax rate during the period was higher than the Company statutory rate of 28% due mainly to tax losses in Mpact Polymers not being recognised as a deferred tax asset, partially offset by the benefit of certain 12(i) tax incentives.

Underlying earnings per ordinary share for the year decreased by 31.1% to 252.7 cents (December 2015: 366.9 cents).

The Board declared a final gross **dividend** of 65 cents per ordinary share payable as a scrip distribution and a cash dividend alternative, on Monday, 3 April 2017. The total dividend for the 2016 financial year amounted to 95 cents, a decrease of 13.6% from 2015.

For historic financial information, refer to page 70 of this report.

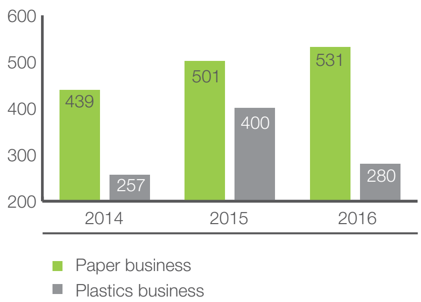
FINANCIAL POSITION

Capital assets

The non-current assets consist mainly of property, plant and equipment. Mpact's capital spend for the year ended 31 December 2016 was R837 million (31 December 2015: R979 million). Capital expenditure for the period includes R154 million spent on the Felixton mill rebuild. The majority of the R90 million spent on acquisitions related to the acquisition of Remade.

Approximately half the 2016 capital expenditure in the Group was invested in growth projects, with the balance invested in "stay-in-business" projects.

Capital expenditure of the Group (R'm)

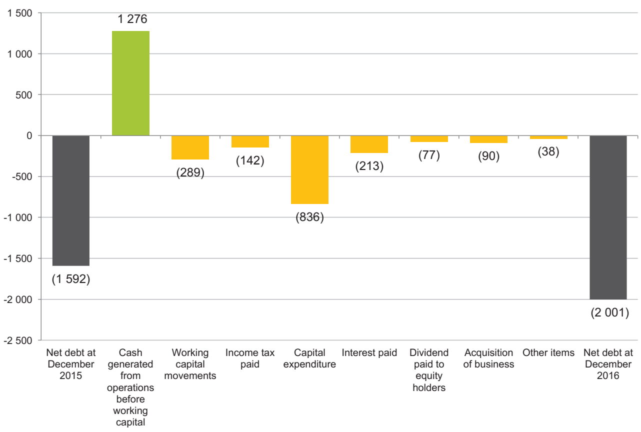


Working capital and cash flow

There was an increase in working capital percentage of revenue to 18.3% (2015:17.4%). The increase was mainly attributable to reduced local sales of containerboard being replaced in part by exports and increased integration within the Paper division. Mpact's strategy to grow sales within the agricultural sector also requires an increase in working capital investment. Working capital increased to R1,851 million from R1,660 million in December 2015.

Cash and cash equivalents amounted to R400 million (2015: R483 million).

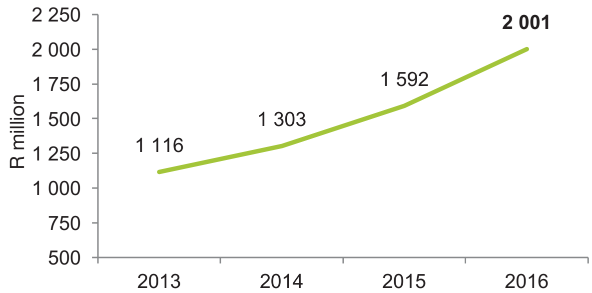
Cash flow movement (R'm)



Funding

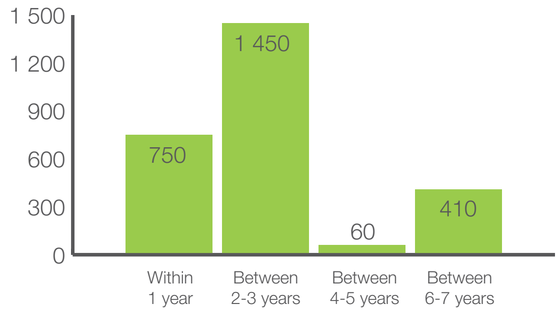
Net debt at 31 December 2016 was R2,001 million (31 December 2015: R1,592 million), an increase of R409 million from the prior year. Gearing as at year-end was 33.6%, (December 2015: 30.2%).

Net debt



The maturity profile of Mpact's debt facilities of R2,67 billion at 31 December 2016 is as follows:

Maturity profile of committed facilities[1] (R'm)



** Includes Standard Bank & RMB, KZN Growth Fund and IDC committed facilities*

Mpact is in the process of extending the term of its R750 million facility that matures in December 2017.

Conclusion

The Group has sufficient bank facilities to fund approved expenditure capital projects and working capital requirements. The capital expenditure budget for 2017 includes the Felixton mill Phase 2 upgrade being completed in the second half of 2017 with downtime planned for approximately 50 days.

Brett Clark
Chief Financial Officer

1 March 2017

FIVE-YEAR FINANCIAL PERFORMANCE HISTORY

31 December		2016	2015	2014	2013	2012
Profit performance						
Revenue	R'm	**10,099**	9,548	8,617	7,698	6,821
Underlying operating profit	R'm	**784**	909	751	655	585
Underlying profit before tax	R'm	**617**	790	646	550	466
Underlying earnings	R'm	**420**	603	440	382	313
Financial position						
Total assets	R'm	**8,712**	8,069	7,063	6,207	5,837
Total equity	R'm	**4,021**	3,712	3,206	2,884	2,642
Total liabilities	R'm	**4,691**	4,357	3,857	3,323	3,194
Total operating assets	R'm	**7,996**	7,285	6,299	5,571	5,224
Cash flow information						
Net cash from operations before working capital	R'm	**1,275**	1,322	1,146	1,028	914
Working capital movements	R'm	**(289)**	(235)	(157)	(221)	(48)
Capital expenditure	R'm	**836**	979	701	387	363
Ratio and statistics						
Underlying operating profit margin	%	**7.8**	9.5	8.7	8.5	8.6
Basic EPS	cents	**234.6**	366.9	259.1	232.5	188.5
Underlying EPS	cents	**252.7**	366.9	269.2	233.5	191.1
Basic HEPS	cents	**242.0**	365.8	262.7	233.3	187.5
Total dividend per share	cents	**95.0**	110.0	92.0	80.0	70.0
Net asset value per share	cents	**2,386.3**	2,236.6	1,953.7	1,762.9	1,615.4
ROCE	%	**14.2**	18.9	18.1	17.3	16.0
Current ratio	times	**1.4**	1.4	1.3	1.6	1.5
Interest cover (underlying EBIT)	times	**4.1**	6.9	6.2	5.7	4.6
Gearing	%	**33.6**	30.2	29.0	28.1	28.6
Stock Exchange statistics						
Market value per share						
– At year-end	cents	**2,825**	4,694	3,675	2,690	1,989
– Highest (year to 31 December)	cents	**5,499**	5,189	3,999	2,819	2,010
– Lowest (year to 31 December)	cents	**2,200**	3,251	2,352	1,800	1,400
Closing PE ratio	times	**12.0**	15.4	14.0	11.5	10.6
Market capitalisation – close	R'm	**4,760**	7,790	6,031	4,400	3,254
Volume traded (year to 31 December)	'000	**84,386**	61,106	63,736	96,225	107,254
Weighted number of shares	'000	**166,735**	164,218	163,269	163,510	163,825
Issued shares at 31 December	'000	**168,485**	165,958	164,101	163,576	163,576

AUDIT AND RISK COMMITTEE REPORT

Timothy Ross

INTRODUCTION

The Audit and Risk Committee has pleasure in submitting its report for the year ended 31 December 2016 in compliance with section 94(7) of the Companies Act.

The Audit and Risk Committee acts for the Company and all its subsidiaries, and is an independent entity accountable to the Board. It operates within a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King III.

The committee's terms of reference were approved by the Board and are reviewed annually.

COMPOSITION

The Audit and Risk Committee comprises three non-executive directors, all of whom are independent. Tim Ross is the Chairman and Neo Dongwana and Andrew Thompson are the current members. The CEO, the CFO, the Head of ICT, the Group Risk and Sustainability Manager, a representative of KPMG, the independent Internal Auditor, and a representative of Deloitte & Touche, the independent External Auditor, all attend meetings by invitation.

The committee members are appointed annually by the shareholders at the Annual General Meeting. Refer to ordinary resolution numbers 5, 6 and 7 in the Notice of Annual General Meeting. Biographical details of the committee members are provided on pages 38 and 39.

MEETINGS

The Audit and Risk Committee held four meetings during the year. Members attended all meetings of the committee during the year, as per page 43 of this report.

ROLE AND FUNCTION

The Audit and Risk Committee attended to the following during the year:

External Auditors

The committee reviewed the independence of Deloitte & Touche as the Group's External Auditor with Mark Holme as the independent individual registered auditor. Before recommending the re-election of Deloitte & Touche to the Board and being proposed to shareholders, the committee satisfied itself that Deloitte & Touche is independent.

Ordinary resolution number 4, as set out in the Notice of Annual General Meeting on page 105, proposes the re-appointment of Deloitte & Touche as External Auditor and Mark Holme as the independent individual registered auditor.

Independence of External Auditor

This assessment was made after considering the following:

- Confirmation from the External Auditor that they, or their immediate family, do not hold any significant direct or indirect financial interest or have any material business relationship with Mpact. The External Auditor also confirmed that they have internal monitoring procedures to ensure their independence.
- The auditors do not, other than in their capacity as External Auditor or rendering permitted non-audit services, receive any remuneration or other benefits from Mpact.
- The auditor's independence was not impaired by the non-audit work performed, having regard to the quantum of audit fees relative to the total fee based and the nature of the non-audit work undertaken.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

- The criteria specified for independence by the Independent Regulatory Board for Auditors.
- The audit firm and the designated auditor are accredited with the JSE.

The committee confirms that the External Auditor has functioned in accordance with its terms of reference for the 2016 financial year.

External Auditor's fees

The committee:

- Approved, in consultation with management, the audit fee and engagement terms for the External Auditor for the 2016 financial year.
- Reviewed and approved the non-audit services fees for the year under review and ensured that the fees were within limit and in line with the non-audit service policy.
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

External Auditor's performance

The committee:

- Reviewed and approved the External Audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable.
- Reviewed the External Audit reports and management's response, considered their effect on the financial statements and internal financial control.

Financial statements

The committee reviewed the interim results and year-end financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS;
- considered the appropriateness of accounting policies and disclosures made; and
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements.

The committee was not required to deal with any complaints relating to accounting practices or Internal Audit, nor to the content or audit of the financial statements, nor internal financial controls and related matters.

Significant areas of judgement

Key audit matters are those matters which are arrived at and disclosed in the Annual Financial Statements using significant judgement.

The Committee has provided stakeholders with further explanations in response to the key matters raised in the Independent Auditor's Report. The detailed information forms part of the Audit and Risk Committee Report included in the full Annual Financial Statements which is available on the Group's website.

Internal Audit

The committee:

- Reviewed and approved the existing Internal Audit charter, which ensures that the Group's Internal Audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties.
- Satisfied itself of the credibility, independence and objectivity of the Internal Audit function.
- Ensured that Internal Audit had direct access to the committee, primarily through the committee's Chairman.
- Reviewed and approved the annual Internal Audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable.
- Reviewed the quarterly Internal Audit reports, covering the effectiveness of internal control, material fraud incidents and material non-compliance with Mpact's policies and procedures. The committee is advised of all internal control developments and advised of any material losses, with none being reported during the year.
- Considered and reviewed with management and Internal Auditors, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken.
- The Internal Audit function provided a written assessment of the effectiveness of the Company's system of internal controls and confirmed that based on their results of work undertaken, they provided reasonable assurance regarding adequacy and effectiveness of systems of internal control.

The committee has reviewed the independence of KPMG as the Group's Internal Auditor and is satisfied that KPMG is independent.

Internal financial control and compliance

- Reviewed and approved the existing treasury policy and reviewed the quarterly treasury reports prepared by management.
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the Group.
- Reviewed the quarterly report on taxation.
- Reviewed IT reports.
- Considered and, where appropriate, made recommendations on internal financial control.
- Monitored the outsourced Internal Audit service provided by KPMG Internal Audit, Risk and Compliance Services.

KPMG performed the Internal Audit for the year ended 31 December 2016 and provided a written assessment of the effectiveness of Mpact's system of internal controls. A combined assurance model and risk management processes are a work in progress; risk management will be assessed as the function matures. The Audit and Risk Committee considered the comments in the audit reports issued by KPMG on the audits conducted, and together with other information available from management and the year-end External Audit reports, and determined that there were no material weaknesses in internal control and risk management. On this basis, the Audit and Risk Committee has made a recommendation to the Board on the effectiveness of the system of internal controls for inclusion in the directors' responsibility statement.

Risk management

Management is continuously developing and enhancing the Group's risk and control procedures to improve the mechanisms for identifying, assessing and monitoring risks given that effective risk management is integral to the Group's objective of consistently adding value to the business. The Board approves strategies and budgets and monitors progress against the budget. It also considers the identified business risks.

Risk management is addressed in the areas of physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

The Group has implemented several policies and procedures to manage its governance, operations and information systems with regard to the:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contracts.

Risks are periodically reviewed and updated on a regular basis. The risks are outlined in detail on pages 12 to 15 of this Integrated Report.

INTEGRATED REPORT

The committee fulfils an oversight role regarding our report and the reporting process. Accordingly, it has:

- Considered the Integrated Report and has assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, and for consistency with the Annual Financial Statements. The committee is satisfied that the Integrated Report is materially accurate, complete and reliable and consistent with the Annual Financial Statements.
- The committee has, at its meeting held on 1 March 2017, recommended the Integrated Report for the year ended 31 December 2016 for approval by the Board.

GOVERNANCE

The Board has assigned oversight of the risk management function to the committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

In line with the terms of the JSE Listings Requirements, the committee is satisfied that Brett Clark has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE.

The committee is satisfied:

- that the resources within the finance function are adequate to provide the necessary support to the CFO; and
- with the expertise and experience of the Group Financial Manager.

In making these assessments, the committee has obtained feedback from the External and Internal Auditors.

Based on the processes and assurances obtained, the committee believes that the accounting practices are effective.

ASSURANCE

The Audit and Risk Committee confirmed that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the mandate.

On behalf of the Audit and Risk Committee

Tim Ross
Audit and Risk Committee Chairman

1 March 2017

DIRECTORS' RESPONSIBILITY STATEMENT AND BASIS OF PREPARATION

for the year ended 31 December 2016

The directors are responsible for preparing the Annual Financial Statements in accordance with applicable law and regulations.

These audited Annual Financial Statements have been prepared using accounting policies compliant with IFRS and are prepared in accordance with IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and are in compliance with the Companies Act.

APPROVAL OF THE SUMMARISED FINANCIAL STATEMENTS

The directors confirm, that to the best of their knowledge, the Group's consolidated financial statements are prepared in accordance with IFRS, and are prepared in accordance with IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and the requirements of the Companies Act fairly present the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole.

The directors believe that the Group has adequate resources to continue in operation for the foreseeable future and the financial statements have therefore been prepared on a going concern basis.

The Summarised Financial Statements and related notes, which appear on pages 78 to 97 were approved by the Board and authorised for issue on 1 March 2017 and were signed on its behalf by:

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

Johannesburg
1 March 2017

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that Mpact Limited has lodged with the Companies and Intellectual Property Commission all such returns, as are required of a Company in terms of the Companies Act and that such returns are true, correct and up to date.

Noriah Sepuru
Company Secretary

1 March 2017

REPORT OF THE DIRECTORS

for the year ended 31 December 2016

The directors have pleasure in presenting their report on the summarised consolidated financial statements of Mpact Limited and its subsidiaries for the year ended 31 December 2016.

NATURE OF BUSINESS

Mpact is one of the largest paper and plastics packaging businesses in Southern Africa, with leading market positions in recovered paper and plastics collection, corrugated packaging, recycled-based cartonboard and containerboard, PET preforms, styrene trays and plastic jumbo bins. Mpact Limited is incorporated in the Republic of South Africa and is listed on the JSE.

The principal activities of the Group remain unchanged from the previous year.

SEGMENT ANALYSIS

An analysis of results by each operating segment can be found on pages 30 to 35.

STATED CAPITAL

The authorised share capital is 217,000,000 ordinary shares of no par value.

On 31 December 2016 the issued share capital of the Company was 168,485,360 ordinary shares of no par value. (2015: 165,958,619 ordinary shares of no par value).

REGISTER OF SHAREHOLDERS

The register of shareholders of the Company is open for inspection to members and the public, during normal office hours, at the office of the Company's transfer secretaries, Link Market Services South Africa Proprietary Limited.

DIRECTORS INTEREST IN SHARE CAPITAL

Details of the beneficial holdings of directors of the Company and their families in ordinary shares are given on page 53.

CASH DIVIDEND AND CAPITALISATION SHARE ALTERNATIVE

1. Introduction

   Notice is hereby given that the Board has declared a final distribution for year ended 31 December 2016, by way of the issue of fully-paid Mpact ordinary shares of no par value each ("the Scrip Distribution") as a Scrip Distribution payable to ordinary Shareholders ("Shareholders") recorded in the register of the Company at the close of business on the Record Date, being Friday, 31 March 2017.

   Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 65 cents per ordinary share *in lieu* of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 31 March 2017 ("the Cash Dividend").

   The Cash Dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all Shareholders not exempt therefrom, after deduction of which the net Cash Dividend is 52 cents per Mpact ordinary share.

   The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

   The Company's total number of issued ordinary shares as at 1 March 2017 is 168,485,360. Mpact's income tax reference number is 9003862175.

2. Terms of the Scrip Distribution

   The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Mpact (at the close of business on the Record Date, being Friday, 31 March 2017 in relation to the ratio that 65 cents bears to the volume weighted average price ("VWAP") of an ordinary Mpact share traded on the JSE during the 30-day trading period ending on Friday, 10 March 2017. Where the application of this ratio gives rise to a fraction of an ordinary share, in allocations of whole ordinary shares and a cash payment for the fraction.

   The applicable cash payment will be determined with reference to the VWAP of an ordinary Mpact share traded on the JSE on Wednesday, 29 March 2017, (being the day on which an ordinary Mpact share begins trading *"ex"* the entitlement to receive the Scrip Distribution or the Cash Dividend alternative), discounted by 10%.

   The applicable cash payment will be announced on SENS on Thursday, 30 March 2017.

   Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

REPORT OF THE DIRECTORS CONTINUED
for the year ended 31 December 2016

3. Circular and salient dates

A circular providing Shareholders with full information on the Scrip Distribution and the Cash Dividend alternative, including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Wednesday, 8 March 2017. The salient dates of events thereafter are as follows:

	2017
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Friday, 10 March 2017, by 11:00 on	**Monday, 13 March**
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Friday, 10 March 2017	**Tuesday, 14 March**
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	**Tuesday, 28 March**
Ordinary shares trade *"ex"* the Scrip Distribution and the Cash Dividend alternative on	**Wednesday, 29 March**
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the Scrip Distribution from the commencement of business on	**Wednesday, 29 March**
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the volume weighted average price on Wednesday, 29 March 2017, discounted by 10%	**Thursday, 30 March**
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12:00 on	**Friday, 31 March**
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	**Friday, 31 March**
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	**Monday, 3 April**
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	**Monday, 3 April**
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	**Tuesday, 4 April**
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	**Wednesday, 5 April**

All times provided are South African local times. The above dates and times are subject to change. Any material change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive.

PROPERTY, PLANT AND EQUIPMENT

Certain of the Group's properties are the subject of land claims. Mpact is in the process of discussions with the Land Claims Commissioner and awaits the outcome of claims referred to the Land Claims Court. The claims, if successful, are not expected to have a material impact on the Group's operations.

At 31 December 2016 the net investment in property, plant and equipment amounted to R3,489.0 million (2015: R3,041.2 million), details of which are set out in note 8 to the annual financial statements. Capital commitments at year-end for the Group amounted to R934.4 million (2015: R1,328.6 million). There has been no change in the nature of the property, plant and equipment or to the policy relating to the use thereof during the year.

BORROWINGS

In terms of the Memorandum of Incorporation, the directors are permitted to borrow or raise for the purposes of the Group such sums as they deem fit for the operation of the business. At the close of business on 31 December 2016, the total borrowings less cash resources was R2,001.3 million (2015: R1,592.1 million). At 31 December 2016, the Group had approved committed facilities of R2.7 billion (2015: R2.4 billion) of which R750.0 million expires on 22 December 2017 and will be renegotiated in 2017.

EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant or material subsequent events which would require adjustment to or disclosure of in the annual financial statements.

DIRECTORS

The following directors have held office during the year ended 31 December 2016 and to the date of this report:

AJ Phillips (Chairman)	Independent Non-executive
NP Dongwana	Independent Non-executive
NB Langa-Royds	Independent Non-executive
M Makanjee	Independent Non-executive (Appointed 5 September 2016)
TDA Ross	Independent Non-executive
AM Thompson	Independent Non-executive
BW Strong (Chief Executive Officer)	Executive
BDV Clark (Chief Financial Officer)	Executive

COMPANY SECRETARY

The Group Company Secretary of Mpact Limited Group is MN Sepuru.

4th Floor, 3 Melrose Boulevard, Melrose Arch, 2196,	Postnet Suite #179 Private Bag X1 Melrose Arch, 2076

AUDITORS

Deloitte & Touche are the appointed auditors to the Company, with M H Holme the designated auditor.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

Notwithstanding the title of section 45 of the Companies Act 71 of 2008, being "Loans or Other Financial Assistance to Directors" on an interpretation thereof, the body of the section also applies to financial assistance provided by the Company to any related or inter-related Company or corporation and a member of a related or inter-related corporation.

On 4 March 2016, all the subsidiaries of the Company passed special resolutions to authorise the companies to provide any direct or indirect financial assistance, including by way of lending money, guaranteeing a loan, or other obligations as it may be required or otherwise to any of its present or future related or inter-related companies or corporations for such amounts and such terms and conditions as the Board/s may determine.

AUDIT AND RISK COMMITTEE

The Audit and Risk committee ("the committee") operates on a Group-wide basis. The committee, in terms of the Companies Act of South Africa, and King III, has the responsibility, among other things, for monitoring the integrity of Mpact's financial statements. It also has the responsibility for reviewing the effectiveness of the Group's system of internal controls and risk management systems. An internal audit function has been established which is responsible for advising the Board of Directors on the effectiveness of the Group's risk management process.

The committee oversees the relationship with the external auditors; is responsible for their appointment and remuneration; reviews the effectiveness of the external audit process; and ensures that the objectivity and independence of the external auditors is maintained.

The committee has concluded that it is satisfied that auditor independence and objectivity has been maintained.

The comprehensive report of the committee is included on pages 71 to 73.

BOARD OF DIRECTORS STATEMENT OF EFFECTIVENESS OF CONTROLS

Based on the recommendation of the Audit and Risk Committee, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal control and risk management is not effective, or that the internal controls do not form a sound basis for the preparation of reliable financial statements.

GOING CONCERN

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the consolidated financial statements. The directors have satisfied themselves that the Group is in a sound financial position, and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED FINANCIAL STATEMENTS

To the shareholders of Mpact Limited

Opinion

The summarised consolidated financial statements of Mpact Limited, which comprise the summarised consolidated statement of financial position as at 31 December 2016, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Mpact Limited for the year ended 31 December 2016.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Mpact Limited, in accordance with IAS 34, *Interim Financial Reporting* and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised consolidated financial statements

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 financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summarised financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 1 March 2017. That report also includes. The communication of other key audit matters as reported in the auditor's report of the audited financial statements.

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 whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte & Touche
Registered Auditors

Per: **MH Holme**
Partner

24 March 2017

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	2016 R'm	2015 R'm
Revenue		**10,098.6**	9,547.7
Cost of sales		**(6,281.4)**	(5,883.0)
Gross margin		**3,817.2**	3,664.7
Administration and other operating expenses		**(2,566.9)**	(2,345.7)
Depreciation, amortisation and impairments		**(504.0)**	(410.0)
Operating profit	3	**746.3**	909.0
Share of profit from equity accounted investees		**16.2**	13.0
Profit on sale of equity accounted investees		**0.8**	0.2
Total profit from operations and equity accounted investees		**763.3**	922.2
Net finance costs	4	**(191.0)**	(132.0)
Investment income		**18.4**	8.7
Finance costs		**(209.4)**	(140.7)
Fair value gain		**7.2**	–
Profit before taxation		**579.5**	790.2
Tax charge	5	**(182.7)**	(172.4)
Profit for the year		**396.8**	617.8
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on post-retirement benefit scheme		**3.6**	6.7
Tax effect		**(1.0)**	(1.9)
Items that may be reclassified subsequently to profit or loss			
Effects of cash flow hedges		**(18.3)**	8.1
Tax effect		**5.1**	(2.3)
Exchange differences on translation of foreign operations		**(5.6)**	7.5
Other comprehensive income for the financial year net of tax		**(16.2)**	18.1
Total comprehensive income for the year		**380.6**	635.9
Attributable to:			
Non-controlling interests in subsidiaries		**6.3**	14.6
Equity holders of Mpact		**374.3**	621.3
		380.6	635.9
Profit for the year		**396.8**	617.8
Attributable to:			
Non-controlling interests in subsidiaries		**5.7**	15.3
Equity holders of Mpact		**391.1**	602.5
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	6	**234.6**	366.9
Diluted EPS (cents)	6	**234.0**	363.3

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2016

	Notes	2016 R'm	2015 R'm
Goodwill and other intangible assets	7	**1,126.1**	1,066.5
Property, plant and equipment	8	**3,489.0**	3,041.2
Investments in equity accounted investees		**102.1**	90.5
Financial asset investments		**41.5**	24.6
Deferred tax assets	10	**4.9**	15.3
Derivative financial instruments		**–**	13.9
Non-current assets		**4,763.6**	4,252.0
Inventories		**1,393.2**	1,275.0
Trade and other receivables		**2,103.1**	2,013.2
Cash and cash equivalents		**405.7**	508.9
Derivative financial instruments		**2.9**	15.1
Current tax receivable		**30.9**	5.0
Disposal group asset	14	**12.8**	–
Current assets		**3,948.6**	3,817.2
Total assets		**8,712.2**	8,069.2
Short-term borrowings	9	**990.0**	770.0
Trade and other payables		**1,772.1**	1,855.6
Current tax liabilities		**3.3**	4.0
Provisions		**5.1**	3.6
Other current liabilities		**51.8**	4.6
Derivative financial instruments		**8.6**	7.0
Deferred income		**5.5**	5.5
Disposal group liability	14	**10.7**	–
Current liabilities		**2,847.1**	2,650.3
Non-current borrowings	9	**1,417.0**	1,331.0
Retirement benefits obligation		**51.6**	53.0
Deferred tax liabilities	10	**342.5**	266.8
Other non-current liabilities		**–**	21.7
Deferred income		**29.0**	34.6
Derivative financial instruments		**4.4**	–
Non-current liabilities		**1,844.5**	1,707.1
Total liabilities		**4,691.6**	4,357.4
Stated capital	11	**2,532.7**	2,426.2
Retained earnings		**1,346.3**	1,170.8
Other reserves		**28.3**	7.8
Total attributable to equity holders of Mpact		**3,907.3**	3,604.8
Non-controlling interests in subsidiaries		**113.3**	107.0
Total equity		**4,020.6**	3,711.8
Total equity and liabilities		**8,712.2**	8,069.2

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 R'm	2015 R'm
Cash flows from operating activities			
Operating cash flows before movements in working capital		**1,275.6**	1,321.7
Net increase in working capital		**(288.9)**	(235.2)
Cash generated from operations		**986.7**	1,086.5
Dividends from equity accounted investees		**5.6**	12.5
Taxation paid		**(142.3)**	(115.5)
Net cash inflows from operating activities		**850.0**	983.5
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	13	**(89.8)**	–
Additions to property, plant and equipment and other intangible assets	7/8	**(836.5)**	(979.2)
Government grant received		**–**	31.1
Proceeds from the disposal of property, plant and equipment		**8.7**	5.1
Proceeds from disposal of associates		**1.0**	0.4
Loan repayments from/(advances to) external parties		**3.6**	(4.7)
Interest received		**18.4**	8.7
Acquisition of non-controlling interest in a subsidiary		**–**	(1.4)
Financial asset investment		**(20.5)**	–
Net cash outflows from investing activities		**(915.1)**	(940.0)
Cash flows from financing activities			
Borrowings raised		**307.4**	253.9
Finance costs paid		**(212.7)**	(170.5)
Dividends paid to non-controlling interests		**(6.3)**	(4.1)
Dividends paid to equity holders of Mpact Limited Group		**(76.5)**	(75.8)
Purchase of treasury shares		**(25.0)**	(73.5)
Repayment of other non-current liabilities		**–**	3.2
Payment of deferred settlement charge		**(4.6)**	(4.6)
Net cash outflows from financing activities		**(17.7)**	(71.4)
Net decrease in cash and cash equivalents		**(82.8)**	(27.9)
Cash and cash equivalents at beginning of year		**482.8**	510.7
Cash and cash equivalents at end of year		**400.0**	482.8

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Stated capital R'm	Share-based payment reserve R'm	Cash flow hedge reserve R'm	Post-retirement benefit reserve R'm	Other reserves[1] R'm	Treasury shares R'm	Retained earnings R'm	Total attributable to equity holders of Mpact Limited R'm	Non-controlling interests R'm	Total equity R'm
Balance at 31 December 2014	2,344.1	29.4	4.2	7.9	6.7	(39.0)	738.0	3,091.3	114.8	3,206.1
Total comprehensive income for the year	–	–	5.8	4.8	8.2	–	602.5	621.3	14.6	635.9
Dividends paid[2]	82.1	–	–	–	–	(0.8)	(157.1)	(75.8)	–	(75.8)
Purchase of treasury shares[3]	–	–	–	–	–	(73.5)	–	(73.5)	–	(73.5)
Share plan charges for the year	–	19.6	–	–	–	–	–	19.6	–	19.6
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(4.1)	(4.1)
Issue/exercise of shares under employee share scheme	–	(15.2)	–	–	–	49.7	(25.0)	9.5	–	9.5
Increase in shareholding in a subsidiary	–	–	–	–	–	–	17.0	17.0	(18.3)	(1.3)
Deferred settlement charge	–	–	–	–	–	–	(4.6)	(4.6)	–	(4.6)
Balance at 31 December 2015	2,426.2	33.8	10.0	12.7	14.9	(63.6)	1,170.8	3,604.8	107.0	3,711.8
Total comprehensive income for the year	–	–	(13.2)	2.6	(6.2)	–	391.1	374.3	6.3	380.6
Dividends paid[2]	106.5	–	–	–	–	(0.6)	(182.4)	(76.5)	–	(76.5)
Purchase of treasury shares[3]	–	–	–	–	–	(25.0)	–	(25.0)	–	(25.0)
Share plan charges for the year	–	23.1	–	–	–	–	–	23.1	–	23.1
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(6.3)	(6.3)
Issue/exercise of shares under employee share scheme	–	(19.5)	–	–	–	59.3	(28.6)	11.2	–	11.2
Increase in shareholding in a subsidiary[4]	–	–	–	–	–	–	–	–	6.3	6.3
Deferred settlement charge	–	–	–	–	–	–	(4.6)	(4.6)	–	(4.6)
Balance at 31 December 2016	**2,532.7**	**37.4**	**(3.2)**	**15.3**	**8.7**	**(29.9)**	**1,346.3**	**3,907.3**	**113.3**	**4,020.6**

1 *Other reserves consist of the put option to equity holder reserve and the foreign currency translation reserve.*

2 *Dividends declared amounted to R182.4 million (2015: R157.1 million) of which R106.5 million (2015: R82.1 million) related to a capitalisation issue (see note 11).*

3 *Treasury shares purchased represent the cost of shares in Mpact Limited purchased in the market and held by the Mpact Incentive Share Trust to satisfy share awards under the Group's share incentive scheme. As at 31 December 2016, there are 845,692 (2015: 1,457,388) treasury shares on hand.*

4 *In the current year a subsidiary Company had a capitalisation issue, whereby the minority shareholder subscribed for additional shares in a Group subsidiary.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparation

These summarised consolidated financial statements have been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (in particular IAS 34: Interim Financial Reporting), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act of South Africa.

The Group's financial statements, from which these summarised consolidated financial statements have been derived, have been audited by the Company's auditors, Deloitte, whose unmodified report and consolidated annual financial statements are available for inspection at the registered Company office.

The preparation of these summarised consolidated financial statements was supervised by the chief financial officer, BDV Clark CA(SA).

These summarised consolidated financial statements should be read in conjunction with the Group's financial statements, from which they have been derived. Included in this report is a summary of the financial statements while the full annual financial statements are available on the Group's website.

Accounting policies

The accounting policies and methods of computation used are consistent with those applied in the preparation of the Group annual financial statements and prior year.

Special items

Special items are those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying financial performance achieved by the Group and its businesses. Such items are material by nature or amount to the financial year's results.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

2. OPERATING SEGMENTS

Operating segment revenue

	2016			2015		
	Segment revenue R'm	Internal revenue[1] R'm	External revenue R'm	Segment revenue R'm	Internal revenue[1] R'm	External revenue R'm
Paper	**7,425.0**	**(78.5)**	**7,346.5**	7,060.1	(45.8)	7,014.3
Plastics	**2,752.1**	**–**	**2,752.1**	2,533.4	–	2,533.4
Segments total	**10,177.1**	**(78.5)**	**10,098.6**	9,593.5	(45.8)	9,547.7

[1] *Inter-segment transactions are conducted on an arm's-length basis.*

	2016 R'm	2015 R'm
External revenue by product type		
Products		
Corrugated and paper board products	**7,346.5**	7,014.3
Plastic packaging products	**2,752.1**	2,533.4
Total	**10,098.6**	9,547.7
External revenue by location of customer		
Revenue		
South Africa (country of domicile)	**9,099.8**	8,618.6
Rest of Africa	**916.0**	877.7
Rest of world	**82.8**	51.4
Total	**10,098.6**	9,547.7
There are no external customers which account for more than 10% of the Group's total external revenue.		
Operating segment underlying operating profit/(loss)		
Paper	**664.1**	802.7
Plastics	**168.4**	199.0
Corporate	**(48.1)**	(92.7)
Segments total before special items	**784.4**	909.0
Special items[1]	**(38.1)**	–
Share of profit from equity accounted investees	**16.2**	13.0
Net finance costs (see note 4)	**(191.0)**	(132.0)
Fair value gain	**7.2**	–
Profit on sale of equity accounted investee	**0.8**	0.2
Profit before tax	**579.5**	790.2
Significant components of operating profit		
Depreciation, amortisation and impairment		
Paper	**272.7**	233.6
Plastics	**209.8**	157.4
Corporate	**21.5**	19.0
Segments total	**504.0**	410.0

[1] *Special items include impairment charged on property, plant and equipment of R15.9 million (2015: Rnil), and restructure costs of R22.2 million (2015: Rnil).*

	2016 R'm	2015 R'm
2. OPERATING SEGMENTS CONTINUED		
Operating segment assets		
Segment assets[2]		
Paper	**4,763.5**	4,247.4
Plastics	**2,009.2**	1,858.7
Corporate	**1,244.2**	1,184.8
Inter-segment elimination	**(20.9)**	(6.4)
Segment total	**7,996.0**	7,284.5
Unallocated:		
Investments in equity accounted investees	**102.1**	90.5
Deferred tax assets	**4.9**	15.3
Other non-operating assets[3]	**149.2**	145.4
Disposal Group assets	**12.8**	–
Trading assets	**8,265.0**	7,535.7
Financial asset investments	**41.5**	24.6
Cash and cash equivalents	**405.7**	508.9
Total assets	**8,712.2**	8,069.2
Non-current non-financial assets[4]		
South Africa (country of domicile)	**4,525.3**	4,004.1
Rest of Africa	**89.8**	103.6
Total	**4,615.1**	4,107.7
Additions to non-current non-financial assets[5]		
Paper	**531.2**	500.6
Plastics	**279.5**	400.2
Corporate	**25.1**	78.4
Segments total	**835.8**	979.2

[2] *Segment assets are operating assets and as at 31 December 2016 consist of property, plant and equipment of R3,489.0 million (2015: 3,041.2 million), goodwill and other intangible assets of R1,126.1 million (2015: R1,066.5 million). inventories of R1,393.2 million (2015: R1,275.0 million) and operating receivables of R1,987.7 million (2015: R1,901.8 million).*

[3] *Other non-operating assets consist of derivative assets of R2.9 million (2015: R29.0 million), other non-operating receivables of R115.4 million (2015: R111.4 million) and current tax receivable of R30.9 million (2015: R5.0 million).*

[4] *Non-current non-financial assets consist of property, plant and equipment and goodwill and other intangible assets, but excludes retirement benefits surplus, deferred tax assets and non-current financial assets.*

[5] *Additions to non-current non-financial assets reflect cash payments and accruals in respect of additions to property, plant and equipment and intangible assets. Additions to non-current non-financial assets, however, exclude additions to deferred tax assets, retirement benefits surplus and non-current financial assets.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

		2016 R'm	2015 R'm
3.	**OPERATING PROFIT**		
	Operating profit for the year has been arrived at after charging/(crediting):		
	Impairment charge of property, plant and equipment (see note 8)	15.9	–
	Depreciation of property, plant and equipment (see note 8)	476.2	400.1
	Amortisation of intangibles (see note 7)	11.9	9.9
	Rentals under operating leases	125.0	131.6
	Net foreign currency losses/(gains)	35.6	(6.8)
	Profit on disposal of tangible assets	(1.1)	(2.4)
	Auditors' remuneration	10.7	9.8
	Audit fees		
	– current	10.3	9.3
	– prior	0.1	0.2
	Non-audit fees	0.3	0.3
	Staff costs (excluding directors' emoluments)	1,567.7	1,451.8
	Executive directors' emoluments (excluding value of deferred bonus shares awarded)	13.5	12.9

Notional interest income and interest expenses included in revenue and cost of sales, resulting from the discounting of receivables and payables for the year are R206.3 million (2015: R197.1 million) and R114.0 million (2015: R100.1 million) respectively. The notional finance cost of R114.0 million (2015: R100.1 million) in addition to the finance cost of R209.4 million (2015: R140.7 million) would total R323.4 million (2015: R240.8 million).

		2016 R'm	2015 R'm
4.	**NET FINANCE COSTS**		
	Investment income		
	Bank deposits and loan receivables	15.0	6.7
	Other	3.4	2.0
	Total investment income	18.4	8.7
	Finance costs		
	Interest on bank overdrafts and loans	(214.1)	(162.8)
	Interest on defined benefit arrangements	(5.6)	(4.7)
	Interest capitalised to qualifying assets[1] (see note 8)	10.3	26.8
	Total interest expense	(209.4)	(140.7)
	Net finance costs	(191.0)	(132.0)

[1] *The weighted average capitalisation rate on funds borrowed generally is 8.0% per annum (2015: 7.6%).*

	2016 R'm	2015 R'm
5. TAX CHARGE		
Analysis of tax charge for the year		
South African corporate tax		
– current year	**120.8**	109.3
– prior year	**(4.5)**	4.7
Other country tax	**1.0**	0.1
Current tax	**117.3**	114.1
Deferred tax in respect of the current year	**73.4**	59.8
Deferred tax in respect of prior year	**(8.0)**	(1.5)
Total tax charge	**182.7**	172.4

Factors affecting tax charge for the year

The Group effective rate of tax for the year ended 31 December 2016, calculated on profit before tax and including net income from investees is 31.5% (2015: 21.8%).

The Group has estimated tax losses of R188.0 million (2015: R152.5 million) on which a deferred tax asset of R52.6 million (2015: R42.7 million) has been raised.

The Group total tax charge for the year can be reconciled to the tax on the Group's profit before tax at the South African corporation tax rate of 28% as follows:

	2016 R'm	2015 R'm
Profit before tax	**579.5**	790.2
Less share of profit of equity accounted investees	**(16.2)**	(13.0)
Profit before tax, adjusted for equity accounted profit	**563.3**	777.2
Tax on profit before tax calculated at the South African corporation tax rate of 28%	**157.7**	217.6
Tax effects of:		
Expenses not deductible for tax purposes		
Non-qualifying depreciation	**0.7**	0.6
Subscription and donations	**0.3**	0.3
Other non-deductible expenses	**0.2**	3.9
Legal and professional costs	**1.6**	5.6
Non-deductible interest	**0.6**	1.1
Non-taxable income		
Non-taxable foreign exchange differences	**(0.5)**	(0.1)
Government grant deductions	**(14.2)**	–
Other non-taxable income	**(4.2)**	(1.0)
Temporary difference adjustments		
Unrecognised tax losses and other temporary differences	**41.0**	(50.0)
Effect of difference between South African corporate tax rate and other country tax rate	**1.2**	0.5
Prior year adjustment current tax	**(4.5)**	(4.7)
Other adjustments	**2.8**	(1.4)
Tax charge for the year	**182.7**	172.4

Income from equity accounted investees is presented net of tax on the face of the statement of comprehensive income. The Group's share of its investees' tax is therefore not presented within the Group's total tax charge. The investees' tax charge included within "Share of investees" profit for the year ended 31 December 2016 is R5.7 million (2015: R5.7 million).

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

	Cents per share	
	2016	2015
6. EARNINGS PER SHARE		
Earnings per share (EPS)		
Basic EPS	**234.6**	366.9
Diluted EPS	**234.0**	363.3
Headline earnings per share for the financial year[1]		
Basic headline EPS	**242.0**	365.8
Diluted headline EPS	**241.4**	362.2
Underlying earnings per share for the financial year[2]		
Basic underlying EPS	**252.7**	366.9
Diluted underlying EPS	**252.0**	363.3

[1] *Headline earnings has been calculated in accordance with Circular 2/2015, "Headline Earnings", as issued by the South African Institute of Chartered Accountants.*

[2] *Underlying earnings is arrived at after adjusting profit attributable to equity holders of Mpact for special items, net of tax. (See note 2, segment operating profit).*

The calculation of basic and diluted EPS and basic and diluted headline EPS is based on the following data:

	Earnings	
	2016 R'm	2015 R'm
Profit for the financial year attributable to equity holders of Mpact	**391.1**	602.5
Impairment of tangible assets (see note 3)	**15.9**	–
Profit on sale of equity accounted investees	**(0.8)**	(0.2)
Profit on disposal of tangible assets (see note 3)	**(1.1)**	(2.4)
Related tax	**(1.6)**	0.8
Headline earnings for the financial year	**403.5**	600.7

	Weighted number of shares	
	2016	2015
Weighted average number of ordinary shares in issue	**166,734,753**	164,218,439
Effect of dilutive potential ordinary shares[1]	**436,392**	1,626,716
Diluted number of ordinary shares in issue	**167,171,145**	165,845,155

[1] *Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue, on the assumption of conversion of all potentially dilutive ordinary shares.*

	Goodwill R'm	Other intangibles[1] R'm	Total R'm
7. GOODWILL AND OTHER INTANGIBLE ASSETS			
2016			
Cost			
At 1 January	**1,023.0**	**256.1**	**1,279.1**
Acquisition of business (see note 13)	**23.9**	**47.0**	**70.9**
Additions	**–**	**0.6**	**0.6**
At 31 December 2016	**1,046.9**	**303.7**	**1,350.6**
Accumulated amortisation and impairment			
At 1 January	**–**	**212.6**	**212.6**
Charge for the year	**–**	**11.9**	**11.9**
At 31 December 2016	**–**	**224.5**	**224.5**
Net book value at 31 December 2016	**1,046.9**	**79.2**	**1,126.1**
2015			
Cost			
At 1 January	1,023.3	257.0	1,280.3
Reclassification	(0.3)	(0.9)	(1.2)
At 31 December 2015	1,023.0	256.1	1,279.1
Accumulated amortisation and impairment			
At 1 January	0.3	203.6	203.9
Charge for the year	–	9.9	9.9
Reclassification	(0.3)	(0.9)	(1.2)
At 31 December 2015	–	212.6	212.6
Net book value at 31 December 2015	1,023.0	43.5	1,066.5

[1] *Other intangibles mainly relate to software development costs; customer relationships and contractual arrangements capitalised as a result of business combinations.*

	Land and buildings R'm	Plant and equipment R'm	Assets in the course of construction R'm	Other R'm	Total R'm
8. PROPERTY, PLANT AND EQUIPMENT					
2016					
Cost					
At 1 January	390.2	4,735.9	375.3	202.5	5,703.9
Additions	65.5	584.1	154.6	31.7	835.9
Disposals	–	(104.2)	–	(15.4)	(119.6)
Currency movement	(3.1)	(7.5)	(0.4)	(1.5)	(12.5)
Transfer from inventory	–	0.9	–	–	0.9
Reclassification	2.2,	94.4	(96.8)	0.2	–
Interest capitalised to qualifying assets (see note 4)	–	–	10.3	–	10.3
Acquisition of business (see note 13)	52.8	30.7	–	24.8	108.3
Reorganisation	(1.5)	–	–	–	(1.5)
Disposal Group assets (see note 14)	–	(8.5)	–	(0.1)	(8.6)
At 31 December 2016	506.1	5,325.8	443.0	242.2	6,517.1
Accumulated depreciation and impairments					
At 1 January	90.4	2,439.5	–	132.8	2,662.7
Depreciation	20.5	426.0	–	29.7	476.2
Disposals	–	(98.3)	–	(13.7)	(112.0)
Currency movement	(0.2)	(3.2)	–	(1.2)	(4.6)
Disposal Group assets (see note 14)	–	(8.5)	–	(0.1)	(8.6)
Impairment	–,	15.9	–	–	15.9
Reorganisation	(1.5)	–	–	–	(1.5)
At 31 December 2016	109.2	2,771.4	–	147.5	3,028.1
Net book value at 31 December 2016	397.0	2,554.3	443.0	94.7	3,489.0
2015					
Cost					
At 1 January	324.7	3,835.0	391.1	171.7	4,722.5
Additions	60.8	882.1	(3.6)	39.9	979.2
Disposals	(0.2)	(36.0)	–	(9.2)	(45.4)
Currency movement	4.9	12.7	0.4	1.3	19.3
Transfer from inventory	–	1.5	–	–	1.5
Reclassification	–	30.2	(29.0)	(1.2)	–
Interest capitalised to qualifying assets (see note 4)	–	10.4	16.4	–	26.8
At 31 December 2015	390.2	4,735.9	375.3	202.5	5,703.9
Accumulated depreciation and impairments					
At 1 January	76.2	2,102.2	–	121.2	2,299.6
Depreciation	13.9	363.0	–	23.2	400.1
Disposals	–	(33.9)	–	(8.8)	(42.7)
Reclassification	–	3.7	–	(3.7)	–
Currency movement	0.3	4.5	–	0.9	5.7
At 31 December 2015	90.4	2,439.5	–	132.8	2,662.7
Net book value at 31 December 2015	299.8	2,296.4	375.3	69.7	3,041.2

The Group has pledged certain of its property, plant and equipment, other than assets under finance leases, as security in respect of the bank loans.

The net book value and depreciation charges relating to assets under finance leases amounts to R52.3 million (2015: R36.7 million) and R9.8 million (2015: R10.7 million) respectively, and have been pledged as security for these long-term borrowings.

	2016 R'm	2015 R'm
9. LONG-TERM BORROWINGS		
Secured		
Standard Bank and Rand Merchant Bank:		
– Facility A[1]	**900.0**	900.0
– Facility B[2]	**350.0**	100.0
– Facility C[3]	**550.0**	550.0
Industrial Development Corporation loan[4]	**230.7**	189.4
KZN Growth Fund[5]	**200.0**	200.0
Standard Bank facility[7]	**40.0**	–
	2,270.7	1,939.4
Obligations under finance leases	**45.3**	34.9
Instalment loan facilities	**23.4**	28.1
	2,339.4	2,002.4
Unsecured		
Minority shareholder loans in subsidiary[6]	**31.9**	42.5
Industrial Development Corporation shareholder loan[4]	**30.0**	30.0
Total borrowings	**2,401.3**	2,074.9
***Less:* Current portion**		
Standard Bank and Rand Merchant Bank loans	**(900.0)**	(650.0)
Industrial Development Corporation loan	**(32.7)**	(36.4)
Obligations under finance leases	**(16.9)**	(12.1)
Minority shareholder loans	**(31.9)**	(42.5)
Instalment loan facilities	**(2.8)**	(2.9)
Non-current borrowings	**1,417.0**	1,331.0

1 *Facility A is repayable in full on its 5th anniversary, 22 December 2019, and bears interest at a three month Jibar plus 1.65%.*

2 *Facility B is a revolving credit facility and is repayable as agreed when utilised. The facility bears interest at three month Jibar plus 1.65%, and expires on 22 December 2019.*

3 *Facility C is a revolving credit facility and is repayable as agreed when utilised. The facility currently bears interest at three month Jibar plus 1.35% and expires on 22 December 2017.*

4 *The Industrial Development Corporation loan is payable over 72 months commencing January 2019, and bears interest at a rate of prime plus 1%. An additional R30.0 million was granted as a shareholder loan which is non-interest bearing.*

5 *The KZN Growth Fund loan is payable in full on 2 March 2023 and bears interest at fixed rate of 9.15%.*

6 *Non-interest bearing loans with no repayment terms.*

7 *The facility is payable over 16 equal instalments, commencing after the expiry of the availability period and bears interest at Jibar.*

The Group sources its borrowings in South African Rands. The fair values of the Group borrowings approximate the carrying value presented.

The maturity analysis of the Group's borrowings presented, on an undiscounted future cash flow basis is included as part of a review of the Group's liquidity risk.

Facilities totalling R420.0 million remain committed and undrawn as at 31 December 2016 (2015: R471.0 million).

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016 R'm	2015 R'm
10. DEFERRED TAX		
Deferred tax asset		
At 1 January	**15.3**	18.5
Charged to statement of comprehensive income	**(2.7)**	(6.1)
Reclassification	**(6.9)**	1.4
Charged to equity	**(0.8)**	1.5
At 31 December	**4.9**	15.3
Deferred tax liability		
At 1 January	**(266.8)**	(214.0)
Acquired through business combinations (see note 13)	**(31.8)**	–
Charged to statement of comprehensive income	**(62.7)**	(52.2)
Charged to statement of other comprehensive income	**4.1**	(4.2)
Charged to equity	**7.8**	5.0
Reclassification	**6.9**	(1.4)
At 31 December	**(342.5)**	(266.8)
The amount of deferred taxation provided in the accounts is presented as follows:		
Deferred tax assets		
Tax losses[1]	**40.9**	31.3
Capital allowances	**(39.6)**	(37.9)
Other temporary differences	**3.6**	21.9
Total deferred tax assets	**4.9**	15.3
Deferred tax liabilities		
Tax losses[1]	**11.7**	11.4
Capital allowances	**(393.4)**	(341.7)
Fair value adjustments	**(4.6)**	(4.7)
Other temporary differences	**43.8**	68.2
Deferred tax liabilities	**(342.5)**	(266.8)

[1] *Based on the forecast data, the Group believe that there will be sufficient future taxable profits available to utilise these tax losses.*

The Group has the following assessable losses in respect of which no deferred tax has been recognised due to the unpredictability of future profit streams or gains against which these could be utilised:

	2016 R'm	2015 R'm
Unutilised tax losses	**358.8**	76.0

All unrecognised tax losses have no expiry date, where trading is ongoing.

	2016 R'm	2015 R'm
11. STATED CAPITAL		
Authorised share capital		
217,500,000 shares of no par value	**–**	–
Issued share capital		
Issue of shares of no par value	**2,426.2**	2,344.1
Capitalisation issue	**106.5**	82.1
	2,532.7	2,426.2

During the year 2,526,741 new ordinary shares were issued to shareholders who elected to receive capitalisation shares in terms of the Scrip Distribution. As at 31 December 2016, 168,485,360 shares were in issue (2015: 165,958,619).

12. SHARE-BASED PAYMENTS

The Group has a share-based payment arrangement for executives and senior employees of the Company and its subsidiaries. The Group intends to operate three plans on a continuing basis, namely; Bonus Share Plan ("BSP"), Performance Share Plan ("PSP") and Share Appreciation Rights Plan ("SARP").

	2016 R'm	2015 R'm
The total fair value charge in respect of all the Mpact share awards granted are as follows:		
Bonus Share Plan (BSP)	**14.4**	11.6
Performance Share Plan (PSP)	**8.5**	7.0
Share Appreciation Rights Plan (SARP)	**0.2**	1.0
Total share-based payment expense	**23.1**	19.6

12. SHARE-BASED PAYMENTS CONTINUED

The fair values of the share awards granted under the Mpact share plans are calculated using the Monte Carlo simulation with reference to the facts and assumptions presented below:

		2016	2015	2014
Bonus Share Plan (BSP)				
Date of grant		**1 April 2016**	1 April 2015	5 June 2014
Vesting period	(months)	**36**	36	34
Expected leavers per annum	(%)	**–**	5	5
Grant date fair value per instrument	(R)	**48.53**	39.06	23.43
Performance Share Plan (PSP)				
Date of grant		**1 April 2016**	1 April 2015	5 June 2014
Vesting period	(months)	**36**	36	34
Expected leavers per annum	(%)	**–**	5	5
Expected outcome of meeting performance criteria				
– Return on capital employed ("ROCE") component		**100**	100	100
– Total shareholder return ("TSR") component determined inside the valuation model and incorporated in the fair value per option				
Grant date fair value per instrument				
– ROCE component	(R)	**48.53**	39.06	23.43
– TSR component	(R)	**31.13**	24.49	13.75

Share Appreciation Rights Plan (SARP)[1]		
Date of grant		1 September 2011
Vesting period		Equal third on 31 March 2014/2015/2016
Expected leavers per annum	(%)	5
Expected outcome of meeting performance criteria – EBITDA component	(%)	100.0
Strike price	(R)	13.41

[1] *No share appreciation right options were granted during the current year.*

A reconciliation of share award movements for the Group is shown below.

	1 January 2016	Shares conditionally awarded in year	Shares vested in year	Shares lapsed in year	31 December 2016
2016					
BSP	**1,401,072**	**350,843**	**(465,956)**	**–**	**1,285,959**
PSP	**962,558**	**293,812**	**(327,486)**	**–**	**928,884**
SARP	**770,650**	**–**	**(571,143)**	**(199,07)**	**–**

	1 January 2015	Shares conditionally awarded in year	Shares vested in year	Shares lapsed in year	31 December 2015
2015					
BSP	1,447,672	446,214	(492,814)	–	1,401,072
PSP	1,056,175	279,412	(317,077)	(55,952)	962,558
SARP	1,382,808	–	(461,565)	(150,593)	770,650

13. BUSINESS COMBINATIONS

a. On 1 May 2016 the Group acquired a 100% interest in six property companies at fair value for a total cash purchase consideration of R38.6 million. Details of the aggregated fair value of the net assets acquired are as follows:

	2016 R'm
Property, plant and equipment[3]	52.8
Trade receivables	0.3
Financial assets	3.2
Cash	1.4
Trade and other payables	(0.3)
Shareholder loan	(31.1)
Deferred tax liability	(9.9)
Taxation liability	(0.3)
Financial liabilities	(8.6)
Net assets acquired	7.5
Shareholder's loan acquired	31.1
Purchase consideration	38.6
Cash acquired	(1.4)
Net cash outflow	37.2

b. On 1 May 2016 the Group acquired a 100% interest in Remade Holdings (Pty) Ltd for a purchase consideration of R89.1 million. Details of the fair value of the net assets acquired are as follows:[2]

	2016 R'm
Intangible assets	47.0
Property, plant and equipment	55.5
Investments	1.2
Inventories	4.7
Trade receivables	27.9
Cash	3.8
Trade and other payables	(20.5)
Finance lease obligations	(26.8)
Deferred tax liability	(21.9)
Provisions	(2.9)
Taxation liability	(2.3)
Financial liabilities	(0.5)
Net assets acquired	65.2
Goodwill on acquisition	23.9
Purchase consideration	89.1
Contingent consideration[1]	(32.7)
Cash acquired	(3.8)
Net cash outflow	52.6

[1] *The contingent consideration is based on a multiple of targeted future earnings, of which a 100% outcome has been projected.*

[2] *Revenue and profits arising from the above acquisitions are not material to the Group. The acquisition of Remade Holdings (Pty) Ltd complements a number of initiatives by Mpact Recycling to expand its own collections of paper and plastics and to increase recycling rates of these materials in South Africa. These initiatives increase the material available for the Felixton Mill, Mpact Polymers and the recently commissioned liquid packaging recycling plant at the Springs Paper Mill.*

[3] *The properties acquired via the Property Companies are to be held for use for normal trading of the Group.*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016 R'm	2015 R'm
14. DISPOSAL GROUP		
The Group is in the process of disposing certain of its assets and liabilities. A formal plan has been put in place to dispose of these assets and liabilities within the next 12 months. Details of these assets and liabilities held for sale are as follows:		
Property, plant and equipment – cost	8.6	–
Property, plant and equipment – accumulated depreciation	(8.6)	–
Trade and other receivables – gross	19.7	–
Provision for bad debts	(6.9)	–
Disposal Group assets	12.8	–
Trade and other payables	10.7	–
Disposal Group liabilities	10.7	–
15. CAPITAL COMMITMENTS		
Contracted for	361.9	443.0
Approved, not yet contracted for	572.5	885.6
	934.4	1,328.6

The capital commitments will be financed from existing cash resources and unutilised borrowing facilities.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a. Contingent liabilities for the Group comprise aggregate amounts at 31 December 2016 of R7.1 million (2015: R17.4 million) in respect of loans and guarantees given to banks and other third parties.

b. A Group mill is the subject of a land claim, which should not have a material impact on the financial position of the Group.

c. In 2013 a settlement was reached in respect of a dispute relating to the valuation of put options in a Group subsidiary. The settlement agreement provides for a deferred payment contingent upon the achievement of certain EBITDA and ROCE levels for the years 2017 to 2018, subject to a maximum amount of R1.9 million (2015: R6.5 million).

d. There were no significant contingent assets for the Group at 31 December 2016 and 31 December 2015.

e. As advised to the shareholders on 26 May 2016, the Group is subject to a Competition Commission investigation. The directors are unable at this stage to determine what the outcome of the investigation will be.

17. FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data were available and rely as little as possible on Group specific estimates.

The significant inputs required to fair value all of the Group's financial instruments are observable.

Specific valuation methodologies used to value financial instruments include:

- the fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Financial instruments by category

	Fair value hierarchy	Loans and receivables R'm	At fair value through profit or loss R'm	Available for sale R'm	Total R'm
2016					
Financial assets					
Trade and other receivables	Level 2	2,103.1	–	–	2,103.1
Loans receivable	Level 3	21.0	–	–	21.0
Available for sale investment	Level 3	–	–	20.5	20.5
Derivative financial instruments	Level 2	–	2.9	–	2.9
Total		2,124.1	2.9	20.5	2,147.5
2015					
Financial assets					
Trade and other receivables	Level 2	2,013.2	–	–	2,013.2
Financial asset investments	Level 3	24.6	–	–	24.6
Derivative financial instruments	Level 2	–	29.0	–	29.0
Total		2,037.8	29.0	–	2,066.8

	Fair value hierarchy	At fair value through profit or loss R'm	At amortised cost R'm	Total R'm
2016				
Financial liabilities				
Borrowings	Level 3	–	(2,407.0)	(2,407.0)
Trade and other payables	Level 2	–	(1,798.3)	(1,798.3)
Derivative financial instrument	Level 2	(13.0)	–	(13.0)
Total		(13.0)	(4,205.3)	(4,218.3)
2015				
Financial liabilities				
Borrowings	Level 3	–	(2,101.0)	(2,101.0)
Trade and other payables	Level 2	–	(1,855.6)	(1,855.6)
Derivative financial instrument	Level 2	(7.0)	–	(7.0)
Total		(7.0)	(3,956.6)	(3,963.6)

18. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with non-controlling shareholders of subsidiaries, its associates, joint ventures and directors.

The Group, in the ordinary course of business, enter into various sales, purchase and services transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties.

Details of transactions and balances between the Group and related parties are disclosed below:

	2016 R'm	2015 R'm
Sales to related parties	**785.0**	679.4
Purchases from related parties	**2.5**	0.7
Minority shareholder loans	**292.6**	261.9
Loans to related parties	**1.4**	1.5
Receivables due from related parties	**244.1**	204.1
Payables due to related parties	**19.1**	20.6
Interest expenses	**20.6**	–
Management salaries paid to non-controlling shareholders of a subsidiary	**2.3**	2.6

Details of the executive directors and prescribed officers' remuneration is included in the Remuneration report on pages 48 to 53.

19. INTEREST IN SUBSIDIARIES

The Group has several subsidiary companies that are consolidated into the Group results. There are limited risks associated with these interests, as the subsidiaries operate within the same strategic objectives as the Group. There are no significant judgements applied in determining whether the Group controls the companies it has invested in. The Group does not own any interests in special purpose or structured entities and fully consolidates all investments where the equity interest is greater than 50%.

The non-controlling interests of these subsidiaries are individually insignificant to the Group and do not pose any material restrictions on the Group's assets, liabilities, or cash flows. The aggregate net asset value of non-wholly owned subsidiaries is R411.7 million (2015: R327.0 million) of which R113.3 million (2015: R106.9 million) relates to the carrying amount of the non-controlling interest. The aggregate total comprehensive income for non-wholly owned subsidiaries is R12.4 million (2015: R25.3 million), of which R6.3 million (2015: R14.6 million) is attributable to non-controlling shareholders.

	Share capital		Share holding	
	2016	2015	**2016 %**	2015 %
Subsidiary-direct holding				
Mpact Namibia (Pty) Limited	**N$100**	N$100	**74**	74
Embalagens Mpact Limitada	**M1.213.000**	M1.213.000	**90**	90
Mpact Operations (Pty) Limited	**R10 000**	R10 000	**90**	90
Shoebill (Pty) Limited	**BWP100**	BWP100	**100**	100
Pyramid Holdings (Pty) Limited	**BWP3.100.200**	BWP3.100.200	**51**	51
Sunko Mauritius	**R5 100**	R5 100	**100**	100
Subsidiaries-indirect holding				
Lenco Corporate Finance (Pty) Limited	**R100**	R100		
Versapak Holdings (Pvt) Limited	**R100**	R100		
Versapak Zimbabwe (Pvt) Limited	**US$50**	US$50		
Xactics Packaging (Pty) Limited	**R100**	R100		
Lion Packaging Trading 57 (Pty) Limited	**R72**	R72		
Magic Attitude (Pty) Limited	**R72**	R72		
Mpact Versapak (Pty) Limited	**R72**	R72		
Mpact Plastics Containers (Pty) Limited	**R100**	R100		
Mpact Recycling (Pty) Limited	**R100**	R100		
Mpact Polymers (Pty) Limited	**R100**	R100		
Rebel Packaging (Pty) Limited	**R4 000**	R4 000		
Detpak South Africa (Pty) Limited	**R7 143**	R7 143		
Remade Holdings (Pty) Limited	**R1 000**	–		

The Mpact Group does not have any significant restrictions on its ability to access/use assets, or settle liabilities in any of its subsidiaries.

20. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant or material subsequent events which would require adjustment to or disclosure of in the summarised financial statements.


REF. No.