Mpact Limited
(Incorporated in the Republic of South Africa)
(Company registration number 2004/025229/06)
Income tax number: 9003862175
JSE Share Code: MPT JSE ISIN: ZAE 000156501
("Mpact" or "the Group" or "the Company")

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

- *Revenue of R6.8 billion up 10.9% excluding Paperlink*
- *Underlying operating profit up 11.6% to R585 million excluding Paperlink*
- *Basic underlying earnings per share increased to 191.1 cents (December 2011: 102.9 cents)*
- *Return on Capital Employed (ROCE) of 16.0% (December 2011: 13.8%)*
- *Gearing down to 29% (December 2011: 35%)*
- *Total gross cash dividends for the year of 70 cents per share (December 2011: 40 cents per share)*

COMPANY PROFILE

Mpact is a leading producer of paper and plastics packaging in Southern Africa. The Paper business is integrated across the recycled paper-based corrugated packaging value chain and comprises three divisions being Recycling, Paper Manufacturing and Corrugated. The Plastics business manufactures rigid plastic packaging such as bottles, containers and preforms for the fast moving consumer goods markets; styrene and PET trays and plastic jumbo bins. The Group employs approximately 3,790 people in 31 operations in South Africa, Namibia, Mozambique and Zimbabwe. Mpact has a Level 4 B-BBEE rating as certified by independent ratings agency, Empowerdex.

COMMENTARY

2012 marks the first full financial year for Mpact since its listing on the JSE Limited (JSE) in July 2011.
Whilst there were early indications in 2012 of an economic recovery, albeit modest, the South African economy showed subdued real GDP growth, rising raw material input and administered prices, high levels of unemployment, strikes across many sectors, above inflationary wage increases and a weak Rand.
Despite these challenges the Group delivered a commendable set of results, underpinned by a sound strategy and effective execution.

GROUP PERFORMANCE

Revenue of R 6,821 million was 10.9% higher than the comparable prior period excluding Paperlink (8.6% as reported), driven primarily by increased sales volumes across both businesses. Volumes in continuing businesses were up 7.8% versus prior year. The Company sold its paper merchant business, Paperlink, at the end of March 2011. Underlying operating profit of R585 million was 11.6% higher than the comparable prior period, excluding Paperlink (13.2% as reported), achieved through improved productivity and stringent cost control. ROCE for the year improved to 16.0% (2011: 13.8%) which is above Mpact's through-the-cycle target of 15%. The increase in underlying earnings per share from 102.9 cents to 191.1 cents is due to the improved trading performance as well as lower finance costs as a result of net debt having been substantially reduced as part of the capital restructuring prior to listing in July 2011. Net debt reduced to R1,056 million (2011: R1,307 million) and gearing was down to 29% from 35% at the end of the prior year.

Paper business

Revenue in the Paper business was 10.3% higher than the prior period at R5,042 million due primarily to good volume growth in export fruit packaging and the displacement of imported paper. Underlying operating profit of R562 million was 10.1% higher than the prior period profit due to improved throughput and stringent cost control. The operating profit margin of 11.2% is in line with the comparable prior period.

Plastics business

In the Plastics business revenue of R1,778 million was 12.8% higher than the comparable prior period, of which approximately three percentage points is attributable to the PET tray business acquired in February 2012 and the balance to volume growth and higher average selling prices in the existing businesses. Good volume growth was underpinned by improved sales of bulk bins to the agricultural market. Underlying operating profit of R117 million was 16.7% higher than the prior period profit. The relocation of the closures plant to Wadeville was successfully completed during the period and the integration of the PET tray business has progressed well.
Agreements for the supply of preforms and closures to Amalgamated Beverage Industries (ABI) until December 2017 and June 2017 respectively, have been signed. While the terms are less favourable to Mpact in the short term than the previous agreements, the returns over the full duration are acceptable.

Special items

For the year ended 31 December 2012, special items amounted to R6.0 million in respect of a settlement charge relating to the defined benefit pension plan of R5.4 million and an asset impairment of R0.6 million (December 2011: R87.1 million related to listing transaction costs and special financing costs).

Net finance costs

Net finance costs of R127.8 million were lower than the comparable prior period by 50.1% due to the debt restructuring which took place on 5 July 2011 prior to listing on the JSE.

Tax
The effective tax rate of 30.0% (December 2011: 38.6%), was higher than the normal company income tax rate of 28% mainly due to interest not deductible for tax purposes. Non-productive loans, for tax purposes, of R445 million on 31 December 2011 were repaid from operating cash flows during the year.

Earnings per share
Basic earnings and headline earnings per ordinary share for the year ended 31 December 2012 were 188.5 cents (December 2011: 54.9 cents) and 187.5 cents (December 2011: 54.3 cents), respectively. Underlying earnings per share increased from 102.9 cents to 191.1 cents over the same period.

Net debt
Net debt at 31 December 2012 was R1,056 million, a decrease of R251 million from 31 December 2011, due to strong cash flow generation and improved working capital management.

Cash dividend
The Board has declared a final gross cash dividend of 50 cents per ordinary share for the year ended 31 December 2012. Total gross dividends for the year, including the interim dividend of 20 cents per share paid on 8 October 2012 amounts to 70 cents per share (December 2011: 40 cents per share). In terms of the new Dividends Tax effective from 1 April 2012, the dividend has been declared from income reserves; the dividend withholding tax rate is 15%. Mpact has no STC credits. Net final dividend amount is 42.50 cents per share for shareholders liable to pay Dividends Tax and 50 cents per share for shareholders exempt from paying Dividends Tax. The number of shares in issue at the date of declaration is 163,575,656.
The salient dates for the final dividend are as follows:

Last day to trade to receive a dividend	Friday, 19 April 2013
Shares commence trading "ex" dividend	Monday, 22 April 2013
Record date	Friday, 26 April 2013
Payment date	Monday, 29 April 2013

Share certificates may not be dematerialised or rematerialised between Monday, 22 April 2013 and Friday, 26 April 2013, both days inclusive.

OUTLOOK
For the foreseeable future Mpact expects GDP and consumer demand growth to remain subdued in South Africa. We anticipate continued upward pressure on input costs such as labour, transport, electricity and municipal services. Consequently, the Group expects trading conditions to remain highly competitive with the associated margin pressure.
Mpact's focus for the year will be on maintaining its market positions, productivity improvement and finding new business opportunities.
The Group is confident that its strategy and resilience position Mpact well in the sectors in which it operates.

Change in directorate
Brett Clark was appointed to the Board on 1 June 2012 and to the position of Chief Financial Officer with effect from 1 July 2012.
On 30 June 2012 Les Leong retired from the Board and as Chief Financial Officer of Mpact. The Board wishes to thank Les for his invaluable contribution towards the success of Mpact and particularly the demerger from Mondi and listing on the JSE.

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

7 March 2013

Directors:
Independent Non-Executive:
AJ Phillips (Chairman), NP Dongwana, NB Langa-Royds, TDA Ross, AM Thompson

Executive:
BW Strong (Chief Executive Officer), BDV Clark (Chief Financial Officer)

Company secretary:
MN Sepuru

Registered office:
4th Floor, No.3 Melrose Boulevard, Melrose Arch, 2196
(Postnet Suite #179, Private Bag X1, Melrose Arch, 2076)

Transfer secretaries:
Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000, South Africa)

Sponsors:
Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196
(P O Box 786273, Sandton, 2146)

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MPACT LIMITED
AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

		2012			2011		
GROUP	**Notes**	**Before special items R'm**	**Special items (note 5) R'm**	**After special items R'm**	**Before special items R'm**	**Special items (note 5) R'm**	**After special items R'm**
Revenue	3	6,820.8	-	6,820.8	6,281.0	-	6,281.0
Cost of sales		(4,079.7)	-	(4,079.7)	(3,775.5)	-	(3,775.5)
Gross margin		2,741.1	-	2,741.1	2,505.5	-	2,505.5
Administration and other operating expenses		(1,829.6)	(5.4)	(1,835.0)	(1,665.6)	(53.1)	(1,718.7)
Depreciation, amortisation and impairments		(326.8)	(0.6)	(327.4)	(323.4)	-	(323.4)
Operating profit	3/4	584.7	(6.0)	578.7	516.5	(53.1)	463.4
Profit on disposal of investments		-	-	-	-	0.3	0.3
Share of associates profit		8.6	-	8.6	2.3	-	2.3
Total profit from operations and associates		593.3	(6.0)	587.3	518.8	(52.8)	466.0
Net finance costs		(127.8)	-	(127.8)	(256.3)	(34.3)	(290.6)
Investment income		9.9	-	9.9	28.4	-	28.4
Finance costs		(137.7)	-	(137.7)	(284.7)	(34.3)	(319.0)
Profit before taxation		465.5	(6.0)	459.5	262.5	(87.1)	175.4
Tax (charge)/credit		(139.7)	1.7	(138.0)	(76.1)	8.4	(67.7)
Profit from operations		325.8	(4.3)	321.5	186.4	(78.7)	107.7
Other comprehensive income:							
Effects of cash flow hedges				(4.7)			4.1
Actuarial (losses)/gains and surplus restriction on post-retirement benefit schemes				(1.1)			28.4
Exchange differences on translation of foreign operations				(0.1)			1.6
Cash flow hedge reserve recycled through profit and loss				-			23.1
Tax relating to components of other comprehensive income				1.6			(15.6)
Other comprehensive (loss)/ income for the financial year net of tax				(4.3)			41.6
Total comprehensive income for the financial year				317.2			149.3
Attributable to:							
Non-controlling interests in subsidiaries				12.7			17.9
Equity holders of Mpact				304.5			131.4
				317.2			149.3

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MPACT LIMITED
AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2012

GROUP (continued)	Notes	2012 After special items R'm	2011 After special items R'm
Profit for the financial year		321.5	107.7
Attributable to:			
Non-controlling interests in subsidiaries		12.7	17.6
Equity holders of Mpact		308.8	90.1
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	6	188.5	54.9
Diluted EPS (cents)	6	187.9	54.9

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MPACT LIMITED
AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 December 2012

	Notes	2012 R'm	2011 R'm
Goodwill and other intangible assets		1,057.1	1,064.8
Property, plant and equipment		1,999.2	1,935.1
Investments in associates		70.2	69.1
Financial asset investments		10.6	10.6
Deferred tax assets		6.0	15.3
Retirement benefits surplus		-	26.6
Non-current assets		3,143.1	3,121.5
Inventories		826.7	729.3
Trade and other receivables		1,462.9	1,329.2
Cash and cash equivalents		399.5	422.1
Derivative financial instruments		2.7	3.1
Current tax receivable		1.6	-
Current assets		2,693.4	2,483.7
Total assets		5,836.5	5,605.2
Short-term borrowings		332.8	577.9
Trade and other payables		1,478.6	1,293.6
Current tax liabilities		1.5	9.1
Other current liabilities		25.6	-
Provisions		1.8	2.5
Derivative financial instruments		0.8	1.9
Current liabilities		1,841.1	1,885.0
Non-current borrowings		1,122.3	1,151.2
Retirement benefits obligation		63.1	58.9
Deferred taxation liabilities		161.4	61.1
Other non-current liabilities		-	37.0
Derivative financial instruments		6.2	-
Non-current liabilities		1,353.0	1,308.2
Total liabilities		3,194.1	3,193.2
Stated capital	7	2,326.0	2,334.1
Retained earnings/(accumulated loss)		215.6	(10.5)
Other reserves		11.2	(22.5)
Total attributable to equity holders of Mpact		2,552.8	2,301.1
Non-controlling interests in subsidiaries		89.6	110.9
Total equity		2,642.4	2,412.0
Total equity and liabilities		5,836.5	5,605.2

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MPACT LIMITED
AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	2012 R'm	2011 R'm
Operating cash flows before movements in working capital	913.7	765.0
Net (increase)/decrease in working capital	(48.4)	48.1
Cash generated from operations	865.3	813.1
Dividends from associates and subsidiaries	7.5	-
Taxation paid	(38.3)	(23.6)
Net cash inflows from operating activities	834.5	789.5
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash	(7.1)	(16.8)
Proceeds from disposal of a business	-	90.0
Proceeds from disposal of associate	-	0.3
Replacement of property, plant and equipment	(362.5)	(337.4)
Proceeds from the disposal of property, plant and equipment	4.6	7.8
Acquisition of intangible assets	(8.9)	-
Investment in associate	-	(13.9)
Loan repayments from/(advances to) related parties	1.6	2.4
Loan (advances to)/repayments from external parties	(1.6)	2.4
Interest received	9.9	10.0
Net cash outflows from investing activities	(364.0)	(255.2)
Cash flows from financing activities		
Repayment of borrowings	(261.5)	(2,021.8)
Finance costs paid	(102.0)	(269.8)
Dividends paid to non-controlling interests	(4.3)	(1.5)
Dividends paid to equity holders of Mpact Limited	(98.3)	-
Acquisition of non-controlling interest in a subsidiary	(1.8)	(3.6)
Proceeds from non-controlling shareholder on corporatisation of a business	-	23.7
Issue of ordinary (share buy back)/share capital	(8.1)	2,089.8
Repayment of other non-current liabilities	(20.3)	(40.0)
Net cash outflows from financing activities	(496.3)	(223.2)
Net (decrease)/increase in cash and cash equivalents	(25.8)	311.1
Cash and cash equivalents at beginning of year[1]	406.9	95.8
Cash and cash equivalents at end of year[1]	381.1	406.9

[1] Cash and cash equivalents net of overdrafts.

MPACT LIMITED
AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

Group	Stated capital R'm	Share-based payment reserves[2] R'm	Cash flow hedge reserves R'm	Post-retirement benefit reserves R'm	Other reserves[1] R'm	Retained earnings/ (accumulated loss) R'm	Total attributable to equity holders of Mpact Ltd R'm	Non-controlling interests R'm	Total equity R'm
Balance at 31 December 2010	244.3	12.1	(19.6)	(3.3)	(67.3)	(58.3)	107.9	73.2	181.1
Total comprehensive income for the year	-	-	19.6	20.4	1.3	90.1	131.4	17.9	149.3
Issue of shares	2,089.8	-	-	-	-	-	2,089.8	-	2,089.8
Demerger arrangements	-	(22.5)	-	-	-	(15.3)	(37.8)	-	(37.8)
Share plan charges for the year	-	12.3	-	-	-	-	12.3	-	12.3
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1.5)	(1.5)
Reclassification	-	(0.1)	-	-	-	0.1	-	-	-
Change in foreign subsidiary functional currency	-	-	-	-	24.6	(25.9)	(1.3)	-	(1.3)
Increase in shareholding of subsidiary	-	-	-	-	-	(1.2)	(1.2)	(2.4)	(3.6)
Increase in non-controlling interest in a subsidiary	-	-	-	-	-	-	-	23.7	23.7
Balance at 31 December 2011	2,334.1	1.8	-	17.1	(41.4)	(10.5)	2,301.1	110.9	2,412.0
Total comprehensive income for the year	-	-	(3.4)	(0.8)	(0.1)	308.8	304.5	12.7	317.2
Dividends paid	-	-	-	-	-	(98.3)	(98.3)	-	(98.3)
Share buy back [3]	(8.1)	-	-	-	-	-	(8.1)	-	(8.1)
Share plan charges for the year	-	8.5	-	-	-	-	8.5	-	8.5
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4.3)	(4.3)
Reclassification of pension fund reserve	-	-	-	(16.6)	-	16.6	-	-	-
Decrease in non-controlling interest and put option exercised [4]	-	-	-	-	46.1	(1.0)	45.1	(29.7)	15.4
Balance at 31 December 2012	2,326.0	10.3	(3.4)	(0.3)	4.6	215.6	2,552.8	89.6	2,642.4

1 Other reserves consist of the option to equity holder reserve of R16.0 million debit, (2011: R61.8 million debit) revaluation reserve of R0.8 million (2011: R0.8 million) and currency translation adjustment reserve of R19.8 million (2011: R19.6 million).

2 As a result of the demerger from Mondi, Mpact employees no longer participate in the Mondi bonus share plans. This resulted in an advanced vesting of the share based payment reserve relating to the Mondi share plans. The Mondi share plan charge for the prior year including the advanced vesting of the shares amounted to R10.5 million. Subsequent to the advanced vesting of the Mondi share plan, Mpact has set up its own share plans. The closing balance of the share based payment reserve as at 31 December 2012 represents the reserve relating to the Mpact share plans.

3 On 13 July 2012 the Company repurchased 470 820 ordinary shares, at an offer price of R17.17 per share as a result of an odd-lot and specific offer.

4 Minority shareholders of a group subsidiary exercised their put option which resulted in a decrease in their shareholding.

MPACT LIMITED
NOTES TO THE AUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and is in compliance with the information required by IAS 34, and the Companies Act 71 of 2008.
The Group's annual financial statements, from which these condensed annual financial statements have been derived, have been audited by the company's auditors, Deloitte & Touche, whose unmodified report is available for inspection at the registered office of the company.
The preparation of these annual financial statements for the year ended 31 December 2012 was supervised by the Chief Financial Officer, Mr BDV Clark CA(SA).
These condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements, from which they have been derived.

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2011, except for the change in internal cost allocation referred to in note 3.
The Group has adopted the following Standards, amendments to published Standards and Interpretations during the current year, all of which had no significant impact on the Group's results:

- IAS 1 - Presentation of Financial Statements
- IAS 12 - Income Taxes

The auditors, Deloitte & Touche, have issued their unmodified audit opinion on the Group's annual financial statements for the year ended 31 December 2012. The audit was conducted in accordance with International Standards on Auditing. This preliminary report has been derived from the Group's annual financial statements and is consistent in all material respects. A copy of their audit report is available for inspection at the company's registered office. The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

3. OPERATING SEGMENTS

Operating segment revenue

	2012			2011		
	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	5,058.6	(16.2)	5,042.4	4,591.2	(18.6)	4,572.6
Plastics	1,778.6	(0.2)	1,778.4	1,577.0	(0.4)	1,576.6
Corporate and other businesses[2]	-	-	-	131.8	-	131.8
Segments total	6,837.2	(16.4)	6,820.8	6,300.0	(19.0)	6,281.0
Inter-segment elimination	(16.4)	16.4	-	(19.0)	19.0	-
Group total	6,820.8	-	6,820.8	6,281.0	-	6,281.0

[1] Inter-segment transactions are conducted on an arm's length basis.
[2] Corporate and other businesses relate to the Merchant business which was sold at the end of March 2011.

OPERATING SEGMENTS continued

	2012 R'm	2011 R'm
Operating segment operating profit/(loss) [1]		
Paper	562.4	560.3
Plastics	116.7	113.9
Corporate and other businesses	(94.4)	(157.7)
Segments total	584.7	516.5
Special items (see note 5)	(6.0)	(87.1)
Share of associates profit	8.6	2.3
Net finance costs	(127.8)	(256.3)
Group profit before tax	459.5	175.4
Significant components of operating profit before special items		
Depreciation and amortisation		
Paper	183.6	167.6
Plastics	109.5	111.6
Corporate and other businesses	33.7	44.2
Segments total	326.8	323.4

	2012 R'm	2011 R'm
Operating segment assets		
Segment assets [2]		
Paper	2,837.4	2,743.6
Plastics	1,296.0	1,120.9
Corporate and other businesses	1,093.4	1,142.5
Inter-segment elimination	(2.6)	(1.9)
Segment total	5,224.2	5,005.1
Unallocated:		
Investments in associates	70.2	69.1
Deferred tax assets	6.0	15.3
Other non-operating assets [3]	126.0	83.0
Group trading assets	5,426.4	5,172.5
Financial asset investments	10.6	10.6
Cash and cash equivalents	399.5	422.1
Group assets	5,836.5	5,605.2

1 In the current year the internal cost re-allocation basis between the Paper and Plastics businesses and Corporate Office was changed to provide a more meaningful representation of each segment's performance. Had this change been effected in the prior year, the operating profit for the Paper business would have been R510.7 million and the operating profit for the Plastics business would have been R100.0 million. Corporate costs for the same period would have decreased as a result of the re-allocation.

2 Segment assets are operating assets and as at 31 December 2012 consist of property, plant and equipment of R1,999.2 million (2011: R1,935.1 million), goodwill and other intangible assets of R1,057.1 million (2011: R1,064.8 million), retirement benefits surplus of Rnil (2011: R26.6 million), inventories of R826.7 million (2011: R729.3 million) and operating receivables of R1,341.2 million (2011: R1,249.3 million).

3 Other non-operating assets consist of derivative assets of R2.7 million (2011: R3.1 million), other non-operating receivables of R121.7 million (2011: R79.9 million) and current tax receivable R1.6 million (2011: Rnil million).

	2012 R'm	2011 R'm

4. OPERATING PROFIT

	2012 R'm	2011 R'm
Operating profit for the year has been arrived at after charging:		
Impairment charge of property, plant and equipment	0.6	-
Depreciation of property, plant and equipment	310.2	299.3
Amortisation of intangibles	16.6	24.1

5. SPECIAL ITEMS

	2012 R'm	2011 R'm
Listing transaction costs [1]	-	46.3
Special financing costs [2]	-	34.3
Demerger arrangements [3]	-	6.8
Profit on disposal of part investment in associate	-	(0.3)
Defined benefit pension plan settlement charge [4]	5.4	-
Impairment of property, plant and equipment	0.6	-
Total special items before tax and non-controlling interests	6.0	87.1
Tax	(1.7)	(8.4)
	4.3	78.7
Non-controlling interests	-	-
Total special items attributable to equity holders of Mpact	4.3	78.7

1 Listing transaction costs associated with the listing of the Company on the Johannesburg Stock Exchange in July 2011.

2 As a result of the demerger from Mondi, and separate listing, the Group restructured, and settled its long term debt including its floating rate debt. As a result of the settlement of the floating rate debt, the corresponding interest rate swap on this debt was terminated. The costs of R23.1 million of early termination of the interest rate swap, have been included in finance costs for the prior year. In addition, finance costs of R11.2 million were incurred on the debt financing arrangements.

3 Equity-settled demerger arrangements for senior management have resulted in a fair value charge for the Group.

4 A settlement charge recognised in the current year relating to the winding up of the defined benefit pension plan.

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6. EARNINGS PER SHARE

	Cents per share	
	2012	**2011**
Earnings per share (EPS)		
Basic EPS	188.5	54.9
Diluted EPS	187.9	54.9
Underlying earnings per share for the financial year[1]		
Basic underlying EPS	191.1	102.9
Diluted underlying EPS	190.5	102.8
Headline earnings per share for the financial year[2]		
Basic headline EPS	187.5	54.3
Diluted headline EPS	186.9	54.2

[1] Underlying EPS excludes the impact of special items.

[2] The presentation of Headline EPS is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2012, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

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

	Earnings	
	2012	**2011**
	R'm	**R'm**
Profit for the financial year attributable to equity holders of Mpact	308.8	90.1
Special items (see note 5)	6.0	87.1
Related tax	(1.7)	(8.4)
Underlying earnings for the financial year	313.1	168.8
Special items to be included in headline earnings	(5.4)	(87.4)
Profit on disposal of tangible and intangible assets	(2.9)	(1.1)
Related tax	2.3	8.7
Headline earnings for the financial year	307.1	89.0

	Weighted number of shares	
	2012	**2011**
Basic number of ordinary shares outstanding	163,825,216	164,046,476
Effect of dilutive potential ordinary shares [1]	533,954	173,484
Diluted number of ordinary shares outstanding	164,359,170	164,219,960

[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.

	2012 R'm	2011 R'm
7. STATED CAPITAL		
Authorised share capital		
217,500,000 shares of no par value	-	-
Issued share capital		
Conversion of share premium to stated capital	-	244.3
Issue of 163,575,656 (2011:164,046,476) shares of no par value	2,334.1	2,089.8
Repurchase of shares	(8.1)	-
	2,326.0	2,334.1

On 28 April 2011 the number of ordinary shares in issue was increased from 159,950 ordinary shares to 23,192,750 ordinary shares following a share split. On 5 July 2011 an additional 140,853,726 ordinary shares were issued to the then shareholders as part of Mpact's capital restructuring prior to listing. Consequently the Company listed on 11 July 2011 with 164,046,476 issued ordinary shares. All issued and authorised ordinary shares in the Company with a par value have been converted into ordinary shares of no par value. On 13 July 2012 the listing of 470,820 ordinary shares of no par value was withdrawn in terms of the Company's specific repurchase of shares.

8. BUSINESS COMBINATIONS

On 1 February 2012 the Group acquired a PET tray business for R8.0 million as a going concern. Profit for the year arising on this acquisition was not material for the Group.

	2012 R'm	2011 R'm
9. CAPITAL COMMITMENTS		
Contracted for, but not provided	62.5	51.5
Approved, not yet contracted for	43.2	20.9
	105.7	72.4

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

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a. Contingent liabilities for the Group comprise aggregate amounts at 31 December 2012 of R7.7 million (2011: R8.6 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. There are a number of legal and tax claims against the Group. Provision is made for all liabilities that are expected to materialise.

d. In the current year 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 2013 to 2018, subject to a maximum amount of R18.4 million.

e. There were no significant contingent assets for the Group at 31 December 2012 and 31 December 2011.

11. RELATED PARTY TRANSACTIONS

The Group and its subsidiaries, 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. These transactions in total are not significant.

12. POST-BALANCE SHEET EVENTS

On 6 February 2013, a Group subsidiary acquired a PET tray business for R15.0 million, as a going concern.