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 PRELIMINARY SUMMARISED GROUP RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014 AND CASH DIVIDEND DECLARATION WITH A CAPITALISATION SHARE ALTERNATIVE

HIGHLIGHTS

- Revenue of R8.6 billion up 11.9%
- Underlying operating profit up 14.8% to R751 million
- Basic underlying earnings per share up 15.3% to 269.2 cents (2013: 233.5 cents)
- Return on Capital Employed (ROCE) up to 18.1% (2013: 17.3%)
- Total gross cash dividend up 15.0% to 92 cents per share (2013: 80 cents per share)

COMPANY PROFILE
Mpact is one of the largest paper and plastics packaging businesses in southern Africa, listed on the JSE's Main Board in the Industrial - Paper and Packaging sector. The Group has a leading market position in southern Africa in recovered paper collection, corrugated packaging, recycled-based cartonboard and containerboard, polyethylene-terephthalate (PET) preforms, styrene trays and plastic jumbo bins. These leading market positions allow Mpact to meet the increasing requirements of its customers, achieve economies of scale and cost effectiveness at the various operations.

Mpact has 32 operating sites, of which 22 are manufacturing operations in South Africa, Namibia, Mozambique, Botswana and Zimbabwe. Approximately 91% of Mpact's sales were to South African-based customers for the current financial year while the balance is exported predominantly to customers in the rest of Africa.

As at 31 December 2014 Mpact employed 4,126 people.

COMMENTARY
The year ended 31 December 2014 was a successful year for Mpact despite many challenges.

Economic growth in South Africa remained subdued throughout the period with protracted strikes in the mining sector as well as the metals and engineering sector, which, for the purposes of union bargaining units, included the Group's Plastics business.

Per unit costs for certain key inputs to the business, such as electricity, wages, waste paper and polymers, increased well above Producer Price Index (PPI) and Consumer Price Index (CPI) inflation of 5.8% and 5.3% respectively.

The Paper business was affected by the decline in fruit export volumes from South Africa which were down around 2%, attributable to adverse weather reducing the crop of apples and pears.

The rand was 12.4% weaker versus the US Dollar compared to 2013 which improved Mpact's competitive position relative to imports. Some sub-sectors of the Group's business such as bins, preforms, closures and containerboard showed good growth when compared to the prior year. The average oil price declined during the second half of the year. Although this did not reflect in polymer prices, it slowed the increases experienced over the past years, which were not fully recovered in selling prices.

The Group's capital expenditure investments over the past few years helped realise productivity improvements in several businesses, which in turn resulted in improved profitability despite subdued demand. During the year Mpact continued to commit capital investment to enable sustainable returns and meet customer requirements. To this end over R1 billion was approved for strategic capital projects which are progressing according to plan.

Finally, the Group was able to refinance its debt at slightly better rates while also extending the maturity periods.

GROUP PERFORMANCE
Revenue for the period was up 11.9% when compared to the same period last year, to R8.6 billion, driven by higher average selling prices and the inclusion of Detpak for the full year, which was acquired in September 2013. Volumes were up 1.0% and average selling prices increasing by 10.9%. Sales volume growth was negatively impacted by lower sales of corrugated boxes, cartonboard and the rationalisation of certain unprofitable product lines in Mpact's FMCG plastics business.

Selling price increases achieved towards the end of 2013 didn't fully offset raw material cost increases incurred during 2014. Consequently there was slight contraction in the gross margin.

Underlying operating profit increased by 14.8% to R751 million due to productivity gains and other cost savings. The operating profit margin increased from 8.5% to 8.7%.
Underlying earnings per share improved by 15.3% to 269.2 cents.
ROCE, a key metric in the business, increased to 18.1% from 17.3% when compared to the prior year.

The Board has approved a final dividend of 66 cents per share, which is 13.8% higher than last year and brings the full year dividend to 92 cps, 15% up on 2013.

Gearing at 29% is up slightly on the comparable prior year while average net debt for the year is 3.6% higher.

Paper business

Revenue for the period increased by 12.5% compared to the prior year, to R6.3 billion. External sales volume growth of 0.9% reflects the lower agricultural and cartonboard sales. Total converting sales volumes were in line with the prior year with increased exports and Detpak offsetting declines in agriculture boxes. The decline in agriculture sales is attributable to an 18.1% drop in exports of apples and pears.

Average prices increased 11.6% following the increases implemented at the end of 2013. Operating profit for the period is up 11.9% to R711 million. However, the operating margin dropped to 11.3% from 11.4% in the prior year, due to the under-recovery of raw material cost increases, most notably waste paper and purchased containerboard.

Plastics business

Revenue in the Plastics business increased by 10.4% compared to the prior year, to R2.3 billion due to higher average selling prices and volume growth. Sales volumes measured in tons were 1.7% higher than the prior period, with good volume growth in bins, crates, preforms and closures partially offset by a decline in the FMCG business, which was down 12.4% due to rationalisation. Trays and films volumes were in line with the prior year despite subdued market conditions. Average prices in plastics increased by 8.7%, only partially offsetting higher polymer prices, which continued to escalate during the first half of the year but levelled out in the second half.

Underlying operating profit increased by 24.8% to R132 million, with margins increasing to 5.6% from 5.4%, still well below the target.

Through various interventions, the financial effects directly attributed to the industrial strike action that affected six of Mpact's Plastics operations were reduced to approximately R6 million by year-end.

During November 2014 the loss-making Robertville FMCG Plastics' operation was closed, with certain lines relocated and others decommissioned. This formed part of the broader restructuring of the FMCG business aimed at addressing changing operational requirements and improving competitiveness. The total cost of R23 million associated with the closure has been disclosed as a non-recurring special item.

Special items

For the year ended 31 December 2014, special items amounted to R23 million in respect of the FMCG Robertville factory closure costs.

Net finance costs

Net finance costs of R121 million were higher than the comparable prior year by 6.0% due to the higher average net debt position during the year as well as higher interest rates.

Tax

The effective tax rate of 28.4% is marginally higher than the statutory tax rate of 28.0% due to certain expenses not being deductible for tax purposes. Tax payments of R167 million were made during the year (December 2013: R122 million). As at 31 December 2014, Mpact had recognised tax losses in Group subsidiaries amounting to R263 million.(December 2013: R260 million)

Earnings per share

Basic and headline earnings per ordinary share for the year were 259.1 cents (2013: 232.5 cents) and 262.7 cents (2013: 233.3 cents), respectively. Underlying earnings per share improved by 15.3% to 269.2 cents per share as a result of the increase in underlying operating profit and higher profits in associated companies which were partially offset by a higher effective tax rate.

Net debt

Net debt at 31 December 2014 was R1,303 million, an increase of R187 million from the prior year, after capital expenditure of R701 million and higher working capital levels.

Cash Dividend and Capitalisation share alternative

The Board has declared a final gross cash dividend of 66 cents per ordinary share ("Cash Dividend") payable on Monday, 20 April 2015. In terms of the Income Tax Act, the dividend has been declared from income reserves and the Dividend Withholding Tax ("DWT") rate is 15%. Mpact has no STC credits. The net dividend amount is 56.10 cents per share for shareholders liable to pay Dividends Tax and 66 cents per share for shareholders exempt from paying Dividends Tax. The number of issued shares at the date of declaration is 164,100,797 ordinary shares of no par value.

The dividend has been declared as a cash distribution but shareholders will be entitled to elect to receive ordinary shares in the company as Capitalisation Shares in lieu of the Cash Dividend ("Capitalisation Shares"). The number of Capitalisation Shares will be determined by the ratio of 66 cents over the volume weighted average price of Mpact's ordinary shares traded on the Johannesburg Stock Exchange ("JSE") during the 10-day trading period ending Tuesday, 31 March 2015.

The Cash Dividend will be paid out of the company's distributed profits while the issue price of the Capitalisation Shares will be settled by way of capitalisation of the company's distributable profits. The Capitalisation Shares upon their issue will rank pari passu in all respects with the other ordinary shares then in issue.

Details of the ratio will be released on the Stock Exchange News Services ("SENS") of the JSE by no later than 11h00 on Wednesday, 1 April 2015 and published in the South African press the following business day. Trading in the Strate Proprietary Limited environment does not permit fractions and fractional entitlement. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

A circular relating to the Cash Dividend and Capitalisation Share alternative will be posted to shareholders on or about Monday, 23 March 2015.

The salient dates for the Cash Dividend and Capitalisation Share alternative are as follows:

Event	2015
Circular and Form of Election posted to shareholders	Monday,23 March
Finalisation announcement released on SENS	Wednesday, 1 April
Finalisation announcement published in the press	Thursday, 2 April
Last day to trade to receive a dividend	Friday, 10 April
Shares commence trading 'ex' dividend	Monday, 13 April
Listing of maximum possible number of ordinary shares	Monday, 13 April
Last day to elect to receive the Capitalisation Issue instead of the Cash Dividend, Forms of Election to reach the transfer secretaries by 12h00 midday on	Friday, 17 April
Record date in respect of Cash Dividend/Capitalisation Shares	Friday, 17 April
Dividend payment date	Monday, 20 April
Result of Capitalisation Issue released on SENS	Monday, 20 April
Result of Capitalisation Issue published in the press	Tuesday, 21 April
Listing of ordinary shares adjusted	Wednesday, 22 April

Share certificates may not be dematerialised or rematerialised between Monday, 13 April 2015 and Friday, 17 April 2015, both days inclusive.

Tax implications

The Cash Dividend and the Capitalisation Issue are likely to have tax implications for both resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional tax advisers, should they be in any doubt as to the appropriate action to take.

In terms of the Income Tax Act 58 of 1962 ("Income Tax Act"), the Cash Dividend will, unless exempt, be subject to DWT that was introduced with effect from 1 April 2012. South African resident shareholders that are liable for DWT will be subject to DWT at a rate of 15% of the Cash Dividend and this amount will be withheld from The Cash Dividend with the result that they will receive a net amount of 56.10 cents per share. Non-resident shareholders may be subject to DWT at a rate of less than 15%, depending on their country of residence and the applicability of any Double Tax Agreement between South Africa and their country of residence.

The Capitalisation Issue is not subject to DWT in terms of the Income Tax Act, but the subsequent disposal of shares obtained as a result of the Capitalisation Issue is likely to have Income Tax or Capital Gains Tax ("CGT") implications. Where any future disposals of shares obtained as a result of the Capitalisation Issue falls within the CGT regime, the base cost of such shares will be deemed to be zero in terms of the Income Tax Act (or the value at which such shares will be included in the determination of the weighted average base cost method will be zero).

OUTLOOK

The broader domestic economy is expected to remain subdued during 2015.

However, lower oil prices will offer some benefit in logistics and polymer costs. It is also expected that growth in fruit exports will outperform the local economy during the year. This will benefit the Group's Paper and Plastics bins and crates businesses. The restructuring of the FMCG Plastics business last year should also provide some benefit during 2015.

It is difficult to predict with certainty the full effect of Eskom's load-shedding on the Group. To date Mpact has experienced load-shedding on a number of occasions at various operations. Mpact has a variety of interventions in place to reduce the effects of load-shedding.

Notwithstanding the difficult economic conditions in South Africa Mpact continues to identify investment opportunities that offer the prospect of enhanced shareholder returns while meeting other strategic objectives. The Group remains confident in its strategy, well-established market positions and ability to generate shareholder returns and will work diligently to meet its objectives.

Commissioning of the first phase of the R765 million Felixton Mill rebuild is within budget and on schedule for mid-year. The primary benefits of this phase will be improvements in productivity and costs and an additional 20,000 tons per annum of production capacity. Sales of the additional capacity during 2015 will be a function of raw material availability and price, as waste paper supply is expected to remain constrained for the year. The final phase of the project is on schedule to be completed by the end of 2017.

The R350 million recycled PET project is scheduled to be commissioned during the second half of 2015. The collection of used PET bottles has started and is progressing according to expectations. The declining PET price will have some impact on returns although the overall project viability is still robust. The project is on schedule and within budget.

B-BBEE ownership transaction

The Mpact Board is pleased to announce that it has resolved to pursue a broad-based black economic empowerment ("B-BBEE") ownership transaction through its wholly-owned subsidiary Mpact Operations Proprietary Limited ("Mpact Operations") in terms of which it is anticipated that a B-BBEE partner will subscribe for 10% of the ordinary issued shares in Mpact Operations. For more information please refer to the separate SENS announcement released on 4th March 2015.

Change in directorate
There has been no change to the Board for the year ended 31 December 2014.

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

4 March 2015

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)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2014

	Notes	2014 R'm	2013 R'm
Revenue		8,617.2	7,697.8
Cost of sales		(5,332.3)	(4,746.7)
Gross margin		3,284.9	2,951.1
Administration and other operating expenses		(2,150.6)	(1,940.9)
Depreciation, amortisation and impairments		(405.8)	(357.8)
Operating profit	2/3	728.5	652.4
Share of profit from equity accounted investees		15.6	9.8
Total profit from operations and equity accounted investees		744.1	662.2
Net finance costs		(121.0)	(114.2)
Investment income		9.7	6.9
Finance costs		(130.7)	(121.1)
Profit before taxation		623.1	548.0
Tax charge		(176.9)	(150.4)
Profit for the year		446.2	397.6
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses) gains on post-retirement benefit scheme		(0.6)	12.0
Tax effect		0.2	(3.4)
Items that may be reclassified subsequently to profit or loss			
Effects of cash flow hedges		0.2	10.4
Tax effect		(0.1)	(2.9)
Exchange differences on translation of foreign operations		2.4	6.4
Other comprehensive income (loss) for the financial year net of tax		2.1	22.5
Total comprehensive income for the year		448.3	420.1
Attributable to:			
Non-controlling interests in subsidiaries		23.2	17.7
Equity holders of Mpact		425.1	402.4
		448.3	420.1

	Notes	2014 R'm	2013 R'm
Profit for the year		446.2	397.6
Attributable to:			
Non-controlling interests in subsidiaries		23.2	17.5
Equity holders of Mpact		423.0	380.1
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	4	259.1	232.5
Diluted EPS (cents)	4	256.9	230.5

SUMMARISED STATEMENT OF FINANCIAL POSITION
as at year ended 31 December 2014

	Notes	2014 R'm	2013 R'm

Goodwill and other intangible assets		1,076.4	1,083.8
Property, plant and equipment		2,422.9	2,076.0
Investments in equity accounted investees		90.2	80.0
Financial asset investments		19.8	24.9
Deferred tax assets		18.5	11.1
Derivative financial instruments		5.0	4.6
Non-current assets		3,632.8	3,280.4
Inventories		1,125.8	944.1
Trade and other receivables		1,765.3	1,571.6
Cash and cash equivalents		535.1	402.3
Derivative financial instruments		1.0	3.6
Current tax receivable		2.8	4.5
Current assets		3,430.0	2,926.1
Total assets		7,062.8	6,206.5
Short-term borrowings		887.7	397.3
Trade and other payables		1,697.4	1,464.8
Current tax liabilities		6.5	7.6
Provisions		2.4	1.3
Other current liabilities		4.6	2.7
Derivative financial instruments		0.2	0.8
Deferred income		1.9	1.9
Current liabilities		2,600.7	1,876.4
Non-current borrowings		950.3	1,120.8
Retirement benefits obligation		57.4	54.0
Deferred tax liabilities		214.0	202.5
Other non-current liabilities		21.7	54.7
Deferred income		12.6	14.5
Non-current liabilities		1,256.0	1,446.5
Total liabilities		3,856.7	3,322.9
Stated capital	5	2,344.1	2,326.0
Retained earnings		738.0	478.8
Other reserves		9.2	(19.3)
Total attributable to equity holders of Mpact		3,091.3	2,785.5
Non-controlling interests in subsidiaries		114.8	98.1
Total equity		3,206.1	2,883.6
Total equity and liabilities		7,062.8	6,206.5

SUMMARISED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	Notes	2014 R'm	2013 R'm
Operating cash flows before movements in working capital		1,146.5	1,027.9
Net increase in working capital		(156.6)	(220.6)
Cash generated from operations		989.9	807.3
Dividends from equity accounted investees and subsidiaries		5.4	3.1
Taxation paid		(167.2)	(121.8)
Net cash inflows from operating activities		828.1	688.6
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	6	(1.9)	(51.7)
Additions to property, plant and equipment		(700.7)	(387.4)
Government grant received		-	18.9
Proceeds from the disposal of property, plant and equipment		4.1	2.6
Loan repayment from/(advances) to external parties		5.1	(14.3)
Interest received		9.7	6.9
Acquisition of non-controlling interest in a subsidiary		-	(4.3)
Net cash outflows from investing activities		(683.7)	(429.3)
Cash flows from financing activities			
Borrowings raised		274.6	47.4
Finance costs paid		(127.6)	(112.6)
Dividends paid to non-controlling interests		(4.6)	(7.1)
Dividends paid to equity holders of Mpact Limited		(119.1)	(117.7)
Purchase of treasury shares		(49.4)	(30.3)
Repayment of other non-current liabilities		-	(27.7)
Net cash outflows from financing activities		(26.1)	(248.0)
Net increase (decrease) in cash and cash equivalents		118.3	11.3
Cash and cash equivalents at beginning of year		392.4	381.1
Cash and cash equivalents at end of year		510.7	392.4

SUMMARISED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Stated capital R'm	Share-based payment reserves R'm	Cash flow hedge reserves R'm	Post-retirement benefit reserves R'm	Other reserves(1) R'm	Treasury shares 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 2012	2,326.0	10.3	(3.4)	(0.3)	4.6	-	215.6	2,552.8	89.6	2,642.4
Total comprehensive income for the year	-	-	7.5	8.6	6.2	-	380.1	402.4	17.7	420.1
Dividends paid	-	-	-	-	-	-	(117.7)	(117.7)	-	(117.7)
Purchase of treasury shares(2)	-	-	-	-	-	(30.3)	-	(30.3)	-	(30.3)
Share plan charges for the year	-	21.1	-	-	-	-	-	21.1	-	21.1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7.1)	(7.1)
Reclassification	-	-	-	-	(0.7)	-	0.1	(0.6)	0.6	-
Decrease in non-controlling interest and put option exercised(3)	-	-	-	-	13.2	-	(0.6)	12.6	(11.7)	0.9
Issue of shares under employee share scheme	-	(1.3)	-	-	-	-	1.3	-	-	-
Put option held by non-controlling shareholder of subsidiary(4)	-	-	-	-	(54.8)	-	-	(54.8)	12.1	(42.7)
Increase in shareholding in a subsidiary(6)	-	-	-	-	-	-	-	-	(3.1)	(3.1)

Balance at 31 December 2013	2,326.0	30.1	4.1	8.3	(31.5)	(30.3)	478.8	2,785.5	98.1	2,883.6
Total comprehensive income for the year	-	-	0.1	(0.4)	2.4	-	423.0	425.1	23.2	448.3
Dividends paid(7)	18.1	-	-	-	-	-	(137.2)	(119.1)	-	(119.1)
Purchase of treasury shares(2)	-	-	-	-	-	(49.4)	-	(49.4)	-	(49.4)
Share plan charges for the year	-	15.4	-	-	-	-	-	15.4	-	15.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4.6)	(4.6)
Reclassification	-	-	-	-	2.7	-	(2.7)	-	-	-
Deferred settlement charge	-	-	-	-	-	-	(4.6)	(4.6)	-	(4.6)
Issue/exercise of shares under employee share scheme	-	(16.1)	-	-	-	40.7	(19.3)	5.3	-	5.3
Put option held by non-controlling shareholder of subsidiary(5)	-	-	-	-	33.1	-	-	33.1	-	33.1
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(1.9)	(1.9)
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

(1)Other reserves consist of the option to equity holder reserve and currency translation adjustment reserve.

(2)Treasury shares purchased represent the cost of shares in Mpact Ltd purchased in the market and held by the Mpact Incentive Share Trust to satisfy share awards under the Group's share schemes. As at 31 December 2014, there are 1 063 281 (2013: 1 010 000) treasury shares on hand.

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

(4)During the prior year the Mpact Group acquired a subsidiary. The minority shareholders of the subsidiary had a put option to sell the remainder of their interest to the Mpact Group at a future date.

(5)During the current year, a minority shareholder ceded their rights to the put option raised in the prior year. On 31 December 2014, Mpact Group acquired a further subsidiary where the minority shareholders have a put option to sell the remainder of their interest to Mpact at a future date.

(6)The group increased its shareholding in a subsidiary by 3% for a consideration of R4.3 million.

(7)Dividends declared amounted to R137.2 million of which R18.1 million related to a capitalisation issue (see note 5).

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of preparation

These summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements requires preliminary reports to be prepared in accordance with framework concepts and the 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.

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

Accounting policies

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

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:

- IFRS 10- Consolidated Financial Statements
- IAS 19- Employee Benefits
- IAS 27 -Consolidated and Separate Financial Statements
- IAS 32- Financial Instruments: Presentation
- IAS 36- Impairments of Assets
- IAS 39- Financial Instruments: Recognition and Measurement
- IFRIC 21 - Levies

These summarised consolidated financial statements for the year ended 31 December 2014 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports. The auditor's report does not necessarily report on 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 engagement, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. Any reference to future financial performance included in this announcement has not been reviewed or reported on the Company's auditors.

2. OPERATING SEGMENTS

Operating segment revenue

	2014			2013		
	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	6,294.0	(21.2)	6,272.8	5,593.8	(19.8)	5,574.0
Plastics	2,344.4	-	2,344.4	2,123.8	-	2,123.8
Segments total	8,638.4	(21.2)	8,617.2	7,717.6	(19.8)	7,697.8

Inter-segment transactions are conducted on an arm's length basis.

2014 2013

	R'm	R'm
Operating segment underlying operating profit/(loss)		
Paper	710.6	635.3
Plastics	132.0	105.8
Corporate	(91.1)	(86.3)
Segments total before special items	751.5	654.8
Special items(1)	(23.0)	(2.4)
Share of equity accounted investees' profit	15.6	9.8
Net finance costs	(121.0)	(114.2)
Profit before tax	623.1	548.0
Significant components of operating profit		
Depreciation, amortisation and impairment		
Paper	239.8	199.3
Plastics	138.7	134.1
Corporate	27.3	24.4
Segments total	405.8	357.8
Operating segment assets		
Segment assets(2)		
Paper	3,720.6	3,112.5
Plastics	1,500.6	1,360.5
Corporate	1,081.3	1,101.2
Inter-segment elimination	(3.6)	(2.8)
Segment total	6,298.9	5,571.4
Unallocated:		
Investments in equity accounted investees	90.2	80.0
Deferred tax assets	18.5	11.1
Other non-operating assets(3)	100.3	116.8
Trading assets	6,507.9	5,779.3
Financial asset investments	19.8	24.9
Cash and cash equivalents	535.1	402.3
Total assets	7,062.8	6,206.5

(1)Special items include impairment charged on property, plant and equipment of R9.3 million (2013: R2.4 million), and restructure costs of R13.7 million.

(2)Segment assets are operating assets and as at 31 December 2014 consist of property, plant and equipment of R2,422.9 million (2013: R2,076.0 million), goodwill and other intangible assets of R1,076.4 million (2013: R1,083.8 million), inventories of R1,125.8 million (2013: R944.1 million) and operating receivables of R1,673.8 million (2013: R1,467.5 million).

(3)Other non-operating assets consist of derivative assets of R6.0 million (2013: R8.2 million), other non-operating receivables of R91.5 million (2013: R104.1 million) and current tax receivable of R2.8 million (2013: R4.5 million).

3. OPERATING PROFIT

	2014 R'm	2013 R'm
Operating profit for the year has been arrived at after charging		
Impairment charge of property, plant and equipment	9.3	2.4
Depreciation of property, plant and equipment	385.5	346.8
Amortisation of intangibles	11.0	8.6

4. EARNINGS PER SHARE

	Cents per share	
	2014	2013
Earnings per share (EPS)		
Basic EPS	259.1	232.5
Diluted EPS	256.9	230.5
Headline earnings per share for the financial year1		
Basic headline EPS	262.7	233.3
Diluted headline EPS	260.5	231.3
Underlying earnings per share for the financial year2		
Basic underlying EPS3	269.2	233.5
Diluted underlying EPS3	267.0	231.5

(1) The presentation of Headline EPS is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 2/2013, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.
(2) Underlying EPS excludes the impact of special items.
(3) 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	
	2014 R'm	2013 R'm
Profit for the financial year attributable to equity holders of Mpact	423.0	380.1
Impairment of tangible assets	9.3	2.4
Profit on disposal of tangible assets	(1.0)	(0.7)
Related tax	(2.4)	(0.4)
Headline earnings for the financial year	428.9	381.4

	Weighted number of shares	
	2014	2013
Weighted average number of ordinary shares in issue	163,268,866	163,510,495
Effect of dilutive potential ordinary shares 1	1,362,284	1,404,161
Diluted number of ordinary shares in issue	164,631,150	164,914,656

(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.

5. STATED CAPITAL

	2014 R'm	2013 R'm
Authorised share capital		
217,500,000 shares of no par value	-	-
Issued share capital		
Issue of 163,575,656 shares of no par value	2,326.0	2,326.0
Capitalisation issue	18.1	-
	2,344.1	2,326.0

On 12 September 2014, 525,141 new ordinary shares were issued to shareholders who elected to receive capitalisation shares in terms of the capitalisation issue. As at 31 December 2014 164,100,797 shares were in issue.

6. BUSINESS COMBINATIONS

2014

(a) On 31 December 2014, the Group acquired a 51% interest in Pyramid Holdings (Pty) Ltd for a purchase consideration of R1. Details of the fair value of the net assets acquired are as follows:

	2014 R'm
Intangible assets	1.7
Property, plant and equipment	36.7
Inventories	13.6
Trade debtors	19.6
Trade and other payables	(42.5)
Current portion of long-term borrowing	(4.6)
Bank overdraft	(1.9)
Deferred tax liability	(0.5)
Long term borrowings	(25.9)
Net assets acquired	(3.8)
Non-controlling interest	1.9
Mpact share of net assets acquired	(1.9)
Purchase consideration	-
Goodwill	1.9
Net overdraft acquired	(1.9)

2013

(b) On 6 February 2013 the Group acquired a PET business at fair value for R15 million. Profit for the period arising on this acquisition was not material for the Group. Assets acquired relates to Property, plant and equipment.

(c) On 25 September 2013, the Group acquired a 51% interest in Detpak South Africa (Pty) Ltd, for a purchase consideration of R37.1 million. Profit for the year arising on this acquisition was not material for the Group.

Details of the fair value of Detpak net assets acquired are as follows:

	2013 R'm
Total non-current assets	64.2
Total current assets	64.8
Total current liabilities	(43.6)
Total non-current liabilities	(60.8)
Net assets acquired	24.6
Non-controlling interest	(12.1)
Mpact share of net assets acquired	12.5
Cash acquired, net of overdrafts	1.4
Shareholder loans	24.6
Deferred consideration	(1.8)
Net cash paid	36.7

7. CAPITAL COMMITMENTS

	2014 R'm	2013 R'm
Contracted for	503.8	111.1
Approved, not yet contracted for	848.4	66.9
	1,352.2	178.0

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

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a. Contingent liabilities for the Group comprise aggregate amounts at 31 December 2014 of R7.8 million (2013: R7.4 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 2015 to 2018, subject to a maximum amount of R11.1 million (2013: R15.7 million).
d. There were no significant contingent assets for the Group at 31 December 2014 and 31 December 2013.

9. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its associates and directors.
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.

10. POST-BALANCE SHEET EVENTS

In January 2015, the Mpact Group restructured part of its business. Mpact Limited sold certain of its operating assets and liabilities to Mpact Operations Proprietary Limited. This has no impact on Mpact at a reported group level.

On 3 March 2014 it was resolved by the Mpact Board of Directors to pursue a broad-based black economic empowerment ("B-BBEE") ownership transaction through its wholly-owned subsidiary Mpact Operations Proprietary Limited in terms of which it is anticipated that a B-BBEE partner will subscribe for 10% of the ordinary issued shares in Mpact Operations Proprietary Limited.