UNAUDITED INTERIM RESULTS

for the six months ended
30 June 2014

mpact
smarter, sustainable solutions

Financial Highlights

REVENUE UP
13.2% to R4.0 billion
June 2013: R3.5 billion

UNDERLYING OPERATING PROFIT UP
14.5% to R270 million
June 2013: R236 million

BASIC UNDERLYING EARNINGS PER SHARE UP
19.2% to 91.8 cents
June 2013: 77.0 cents

INTERIM GROSS CASH DIVIDEND PER SHARE UP
18.2% to 26 cents
June 2013: 22 cents

RETURN ON CAPITAL EMPLOYED OF
16.9%
June 2013: 15.5%

GEARING OF
32.5%
June 2013: 35.6%

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. Mpact has the 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 and Zimbabwe. Approximately 91% of Mpact's sales were to South African-based customers for the current period while the balance is exported predominantly to customers in the rest of Africa.

As at 30 June 2014 Mpact employed 4,000 people.

Group performance

The trading environment for the six months ended 30 June 2014 was characterised by subdued GDP and consumer spending growth in South Africa and a decline in fruit exports which resulted in a reduced demand for fruit packaging. Above inflation input cost escalation was driven by rand depreciation, administered prices and wage settlements.

Mpact's results for the period reflect the Group's resilience, established market positions and benefits derived from investments made over the past years to improve productivity.

The R765 million upgrade of the Felixton mill, announced in March 2014, and which is due to be completed in 2017, progressed according to plan during the period under review.

Following the sale by Shanduka of its 10.45% shareholding in the business in November 2012, Mpact's B-BBEE status dropped to Level 6 (previously Level 4). However, successful interventions over the past 18 months have resulted in Mpact's B-BBEE status improving to Level 5 as of March 2014.

Revenue of R4.0 billion was 13.2% higher than the comparable prior year period, attributable mainly to higher selling prices and a favourable sales mix. Higher average selling prices only partially offset raw material and distribution cost increases, leading to a decline in gross margin when compared to the same period last year. External sales volume grew 1.8% during the period.

Underlying operating profit increased by 14.5% to R270.0 million. The operating profit margin increased to 6.8% from 6.7% in the comparable prior period through improved productivity and fixed cost savings across the Group.

ROCE for the period improved to 16.9% (June 2013: 15.5%).

Basic underlying earnings per share improved by 19.2% versus the same period last year, to 91.8 cents per share as a result of the increase in operating profit and unchanged finance costs.

Financial summary

R'million	**Six months ended 30 June 2014**	Six months ended 30 June 2013	Change %
Revenue	**3,983**	3,520	13.2
Underlying operating profit[1]	**270**	236	14.5
Underlying profit before tax[2]	**214**	180	18.4
Net debt	**1,406**	1,482	(5.1)
Return on capital employed (%)	**16.9**	15.5	1.4
Interim gross dividends (cents)	**26.0**	22.0	18.2
Basic earnings per share (cents)	**91.8**	77.0	19.2
Basic underlying earnings per share (cents)	**91.8**	77.0	19.2
Basic headline earnings per share (cents)	**91.5**	76.7	19.3

[1] Underlying operating profit is the Group operating profit before special items.
[2] Underlying profit before tax is the Group profit before tax before special items.

Cash Dividend and Capitalisation Share alternative

The Board has declared an interim gross cash dividend of 26 cents per ordinary share payable on Monday, 15 September 2014. In terms of the Income Tax Act, the dividend has been declared from income reserves and the Dividend Withholding Tax rate is 15%. Mpact has no STC credits. The net dividend amount is 22.10 cents per share for shareholders liable to pay Dividends Tax and 26 cents per share for shareholders exempt from paying Dividends Tax. The number of issued shares at the date of declaration is 163,575,656.

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 (the Capitalisation Shares). The number of Capitalisation Shares will be determined by the ratio of 26 cents over the volume weighted average price of Mpact's ordinary shares traded on the Johannesburg Stock Exchange (JSE) during the ten-day trading period ending 28 August 2014.

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 Securities Exchange News Services (SENS) of the JSE by no later than 11:00 on Friday, 29 August 2014 and published in the South African press the following business day. Trading in the Strate 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 issue will be posted to the shareholders on or about Wednesday, 13 August 2014.

The salient dates for the cash dividend and Capitalisation Share alternative are as follows:

■ Circular and Form of Election posted to shareholders	Wednesday, 13 August 2014
■ Finalisation announcement released on SENS	Friday, 29 August 2014
■ Finalisation announcement published in the press	Monday, 1 September 2014
■ Last day to trade to receive a dividend	Friday, 5 September 2014
■ Shares commence trading "ex" dividend	Monday, 8 September 2014
■ Listing of maximum possible number of ordinary shares	Monday, 8 September 2014
■ Last day to elect to receive the Capitalisation Issue instead of the cash dividend, Forms of Election to reach the transfer secretaries by 12:00 on	Friday, 12 September 2014
■ Record date in respect of cash dividend/Capitalisation Shares	Friday, 12 September 2014
■ Dividend payment date	Monday, 15 September 2014
■ Result of Capitalisation Issue released on SENS	Monday, 15 September 2014
■ Listing of ordinary shares adjusted	Wednesday, 17 September 2014

Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2014 and Friday, 12 September 2014, 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 ("the Income Tax Act"), the cash dividend will, unless exempt, be subject to Dividend Withholding Tax ("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 22.10 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).

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: ZAE000156501
("Mpact" or "the Group" or "the Company")

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement published on SENS and also available on our website **www.mpact.co.za.** The full announcement is also available at our registered offices and the offices of the sponsor for inspection, at no charge, during office hours. Copies of the full announcement may be requested by contacting Noriah Sepuru on telephone: **+27 (0)11 994-5551,** email: **nsepuru@mpact.co.za** or fax: **086 520 6969**