



smarter, sustainable solutions

## **UNAUDITED INTERIM RESULTS**

for the six months ended 30 June 2013  
and cash dividend declaration



## HIGHLIGHTS

REVENUE OF

**R3,5 billion**

▲ **9.7%**

UNDERLYING OPERATING  
PROFIT

**R236 million**

▲ **6.1%**

UNDERLYING EARNINGS  
PER SHARE

**77.0 cents per share**

▲ **20.9%**

June 2012: 63.7 cents

RETURN ON CAPITAL  
EMPLOYED (ROCE)

▲ **15.5%**

June 2012: 14.1%

INTERIM GROSS CASH  
DIVIDEND DECLARED

**22.0 cents per share**

▲ **10%**

June 2012: 20 cents per share

# KEY FEATURES

**FOR THE SIX MONTHS  
ENDED 30 JUNE 2013**

## COMPANY PROFILE

Mpact is a leading manufacturer 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 for the food, beverage, personal care, home care, pharmaceutical, agricultural and retail markets. Products include PET preforms, bottles and jars; plastic jumbo bins, wheelie bins, and crates; plastic containers for the Fast Moving Consumer Goods (FMCG) market; and styrene and PET trays, fast food containers and clear plastic films. The Group employs 3,760 people in 32 operations in South Africa, Namibia, Mozambique and Zimbabwe.

## COMMENTARY

The results for the six months ended 30 June 2013 reflect subdued GDP and consumer spending growth in South Africa, which led to a very competitive trading environment. The weaker rand provided some relief, improving the relative competitive position of the Group's manufactured products compared to imported substitutes, and also supported growth in packaging for fruit exports, which remained robust during the period. However, these benefits were offset by increases in raw material prices, most notably plastic polymers, pulp and chemicals, which were not fully recovered in selling prices during the period under review.

## GROUP PERFORMANCE

Group revenue of R3,520 million is 9.7% higher than the comparable prior period, attributable mainly to volume growth in the Plastics business and higher average selling prices. External sales volumes increased by 2.5% over the same period last year.

Underlying operating profit increased by 6.1% to R236 million. The under recovery of raw material price increases led to the operating profit margin decreasing to 6.7% from 6.9% in the comparable prior year period.

Underlying earnings per share improved by 20.9% to 77.0 cents compared to the prior period as a result of the increase in operating profit, lower finance costs and a lower effective tax rate.

ROCE increased to 15.5% (June 2012: 14.1%).

### Paper business

Revenue for the period is up 6.9% to R2,551 million with external sales volume growth of 1.3% reflecting the underlying market conditions. Average selling prices were influenced by good sales volume growth in higher value products such as white top kraft liner and fruit boxes, yielding a favourable product mix variance.

Underlying operating profit increased by 8.9% to R251 million compared to the prior period as a result of stringent cost control and higher average selling prices.

### Plastics business

Revenue increased by 17.7% to R969 million mainly due to sales volume growth of 14.1%, of which approximately 1% is due to acquisitions. The preforms and closures business benefited from good growth in the beverage sector while growth in the agricultural sector benefited the styrene and bulk bin businesses.

Underlying operating profit decreased by 7.6% to R34 million compared to prior period due primarily to the under recovery of raw material cost increases during the period.

### Special items

There were no special items reported in the six months to 30 June 2013. In the comparable prior period, special items charged to the Statement of Comprehensive Income amounted to R5,4 million relating to a settlement charge on the defined benefit pension plan.

### Net finance costs

Net finance costs of R59,6 million were lower than the comparable prior period by 6.4% due to lower average net debt and lower average interest rates during the period.

### Tax

The effective tax rate is 28.6% (June 2012: 31.4%). The rate was affected by the repayment in 2012 of a loan on which the interest was not tax deductible.

### Earnings per share

Basic earnings and headline earnings per ordinary share for the six months ended 30 June 2013 were 77.0 cents (June 2012: 61.3 cents) and 76.7 cents (June 2012: 61.2 cents), respectively. Underlying earnings per share increased from 63.7 cents to 77.0 cents over the same period.

### Net debt

Net debt at 30 June 2013 was R1,482 million, an increase of R100 million from 30 June 2012. The increase in net debt is due primarily to working capital outflows at the end of June 2013. Average net debt was 4.3% lower than the comparable prior year period.

### Cash dividend

The Board has declared an interim gross cash dividend of 22.0 cents (June 2012: 20.0 cents) per ordinary share payable on 16 September 2013. The dividend has been declared from income reserves. Dividend withholding tax rate is 15% and Mpact has no STC credits. The net interim dividend amount is 18.70 cents per share for shareholders liable to pay Dividends Tax and 22.0 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 interim dividend are as follows:

|                                         |                           |
|-----------------------------------------|---------------------------|
| Last day to trade to receive a dividend | Friday, 6 September 2013  |
| Shares commence trading "ex" dividend   | Monday, 9 September 2013  |
| Record date                             | Friday, 13 September 2013 |
| Payment date                            | Monday, 16 September 2013 |

Share certificates may not be dematerialised or rematerialised between Monday, 9 September 2013 and Friday, 13 September 2013, both days inclusive.

### OUTLOOK

It is expected that GDP and consumer spending growth will remain subdued in South Africa and cost increases for labour, electricity and other administered services will be higher than inflation for the foreseeable future. Consequently, the Group expects trading conditions to remain highly competitive with associated margin pressures.

The weaker rand should improve Mpact's competitive position relative to imports, although the benefits may be offset to some extent by related increases in input costs such as plastic polymers, paper, pulp, transport and chemicals.

Our focus will be on profitability, cash generation and return on capital employed. The Group will also look to further develop its strong market positions, to improve productivity and to find new business opportunities.

We remain confident that our strategy and record of execution position the Group well in the sectors in which it operates.

### Change in directorate

There has been no change in directorate for the period ended 30 June 2013.

|                                                  |                                             |
|--------------------------------------------------|---------------------------------------------|
| <b>AJ Phillips</b><br>Chairman<br>14 August 2013 | <b>BW Strong</b><br>Chief Executive Officer |
|--------------------------------------------------|---------------------------------------------|

## COMPANY INFORMATION

#### 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)

##### Sponsor:

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                                                                 | Note | (Unaudited)<br>As at<br>30 June<br>2013<br>Rm | (Unaudited)<br>As at<br>30 June<br>2012<br>Rm | (Audited)<br>As at<br>31 December<br>2012<br>Rm |
|---------------------------------------------------------------------------------|------|-----------------------------------------------|-----------------------------------------------|-------------------------------------------------|
| <b>ASSETS</b>                                                                   |      |                                               |                                               |                                                 |
| <b>Non-current assets</b>                                                       |      | <b>3,223.6</b>                                | 3,125.0                                       | 3,143.1                                         |
| Property, plant and equipment                                                   |      | <b>2,058.2</b>                                | 1,956.9                                       | 1,999.2                                         |
| Goodwill and other intangible assets                                            |      | <b>1,053.2</b>                                | 1,053.2                                       | 1,057.1                                         |
| Other non-current financial assets and investment in equity accounted investees |      | <b>103.2</b>                                  | 104.6                                         | 80.8                                            |
| Deferred tax assets                                                             |      | <b>9.0</b>                                    | 10.3                                          | 6.0                                             |
| <b>Current assets</b>                                                           |      | <b>2,502.4</b>                                | 2,446.3                                       | 2,693.4                                         |
| Inventories                                                                     |      | <b>883.9</b>                                  | 718.4                                         | 826.7                                           |
| Trade and other receivables                                                     |      | <b>1,526.9</b>                                | 1,436.7                                       | 1,467.2                                         |
| Cash and cash equivalents                                                       |      | <b>91.6</b>                                   | 291.2                                         | 399.5                                           |
| <b>Total assets</b>                                                             |      | <b>5,726.0</b>                                | 5,571.3                                       | 5,836.5                                         |
| <b>EQUITY AND LIABILITIES</b>                                                   |      |                                               |                                               |                                                 |
| <b>Capital and reserves</b>                                                     |      |                                               |                                               |                                                 |
| Stated capital                                                                  | 9    | <b>2,326.0</b>                                | 2,334.1                                       | 2,326.0                                         |
| Other reserves                                                                  |      | <b>42.8</b>                                   | 26.3                                          | 11.2                                            |
| Retained earnings                                                               |      | <b>260.0</b>                                  | 23.6                                          | 215.6                                           |
| Equity attributable to the equity holders of Mpact                              |      | <b>2,628.8</b>                                | 2,384.0                                       | 2,552.8                                         |
| Non-controlling interests in subsidiaries                                       |      | <b>75.2</b>                                   | 84.2                                          | 89.6                                            |
| <b>Total equity</b>                                                             |      | <b>2,704.0</b>                                | 2,468.2                                       | 2,642.4                                         |
| <b>Non-current liabilities</b>                                                  |      | <b>1,388.1</b>                                | 1,292.8                                       | 1,353.0                                         |
| Long-term borrowings                                                            | 10   | <b>1,118.5</b>                                | 1,124.9                                       | 1,122.3                                         |
| Retirement benefit obligations                                                  |      | <b>64.7</b>                                   | 60.5                                          | 63.1                                            |
| Deferred tax liabilities                                                        |      | <b>204.9</b>                                  | 88.3                                          | 161.4                                           |
| Other non-current liabilities                                                   |      | <b>–</b>                                      | 19.1                                          | 6.2                                             |
| <b>Current liabilities</b>                                                      |      | <b>1,633.9</b>                                | 1,810.3                                       | 1,841.1                                         |
| Short-term borrowings and bank overdraft                                        | 10   | <b>454.8</b>                                  | 548.3                                         | 332.8                                           |
| Trade and other payables and provisions                                         |      | <b>1,173.8</b>                                | 1,252.3                                       | 1,506.8                                         |
| Current tax liabilities                                                         |      | <b>5.3</b>                                    | 9.7                                           | 1.5                                             |
| <b>Total equity and liabilities</b>                                             |      | <b>5,726.0</b>                                | 5,571.3                                       | 5,836.5                                         |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                      | Note | (Unaudited)<br>Six months ended 30 June 2013<br>Rm |                              |                           | (Unaudited)<br>Six months ended 30 June 2012<br>Rm |                              |                           | (Audited)<br>Year ended 31 December 2012<br>Rm |                              |                           |
|--------------------------------------------------------------------------------------|------|----------------------------------------------------|------------------------------|---------------------------|----------------------------------------------------|------------------------------|---------------------------|------------------------------------------------|------------------------------|---------------------------|
|                                                                                      |      | Before<br>special<br>items                         | Special<br>items<br>(note 6) | After<br>special<br>items | Before<br>special<br>items                         | Special<br>items<br>(note 6) | After<br>special<br>items | Before<br>special<br>items                     | Special<br>items<br>(note 6) | After<br>special<br>items |
| <b>Revenue</b>                                                                       | 4    | <b>3,519.5</b>                                     | –                            | <b>3,519.5</b>            | 3,209.8                                            | –                            | 3,209.8                   | 6,820.8                                        | –                            | 6,820.8                   |
| Cost of sales                                                                        |      | (2,156.3)                                          | –                            | (2,156.3)                 | (1,944.8)                                          | –                            | (1,944.8)                 | (4,079.7)                                      | –                            | (4,079.7)                 |
| <b>Gross margin</b>                                                                  |      | <b>1,363.2</b>                                     | –                            | <b>1,363.2</b>            | 1,265.0                                            | –                            | 1,265.0                   | 2,741.1                                        | –                            | 2,741.1                   |
| Administration and other operating expenditure                                       |      | (1,127.3)                                          | –                            | (1,127.3)                 | (1,042.7)                                          | (5.4)                        | (1,048.1)                 | (2,156.4)                                      | (6.0)                        | (2,162.4)                 |
| <b>Operating profit</b>                                                              | 5    | <b>235.9</b>                                       | –                            | <b>235.9</b>              | 222.3                                              | (5.4)                        | 216.9                     | 584.7                                          | (6.0)                        | 578.7                     |
| Share of equity accounted investees' profit                                          |      | 4.0                                                | –                            | 4.0                       | 2.2                                                | –                            | 2.2                       | 8.6                                            | –                            | 8.6                       |
| <b>Total profit from operations and equity accounted investees</b>                   |      | <b>239.9</b>                                       | –                            | <b>239.9</b>              | 224.5                                              | (5.4)                        | 219.1                     | 593.3                                          | (6.0)                        | 587.3                     |
| Net finance costs                                                                    |      | (59.6)                                             | –                            | (59.6)                    | (63.7)                                             | –                            | (63.7)                    | (127.8)                                        | –                            | (127.8)                   |
| Finance costs                                                                        | 7    | (63.1)                                             | –                            | (63.1)                    | (71.5)                                             | –                            | (71.5)                    | (137.7)                                        | –                            | (137.7)                   |
| Investment income                                                                    |      | 3.5                                                | –                            | 3.5                       | 7.8                                                | –                            | 7.8                       | 9.9                                            | –                            | 9.9                       |
| <b>Profit/(loss) before tax</b>                                                      |      | <b>180.3</b>                                       | –                            | <b>180.3</b>              | 160.8                                              | (5.4)                        | 155.4                     | 465.5                                          | (6.0)                        | 459.5                     |
| Tax (charge)/credit                                                                  |      | (51.5)                                             | –                            | (51.5)                    | (50.3)                                             | 1.5                          | (48.8)                    | (139.7)                                        | 1.7                          | (138.0)                   |
| <b>Profit/(loss) for the period from continuing operations</b>                       |      | <b>128.8</b>                                       | –                            | <b>128.8</b>              | 110.5                                              | (3.9)                        | 106.6                     | 325.8                                          | (4.3)                        | 321.5                     |
| <b>Other comprehensive income/(loss), net of taxation</b>                            |      |                                                    |                              | <b>11.8</b>               |                                                    |                              | 0.3                       |                                                |                              | (4.3)                     |
| Effect of cash flow hedges                                                           |      |                                                    |                              | 12.0                      |                                                    |                              | –                         |                                                |                              | (4.7)                     |
| Actuarial (losses)/gains and surplus restrictions on post-retirement benefit schemes |      |                                                    |                              | –                         |                                                    |                              | –                         |                                                |                              | (1.1)                     |
| Exchange differences on translation of foreign operations                            |      |                                                    |                              | 3.2                       |                                                    |                              | 0.3                       |                                                |                              | (0.1)                     |
| Taxation on other comprehensive income                                               |      |                                                    |                              | (3.4)                     |                                                    |                              | –                         |                                                |                              | 1.6                       |
| <b>Total comprehensive income</b>                                                    |      |                                                    |                              | <b>140.6</b>              |                                                    |                              | 106.9                     |                                                |                              | 317.2                     |
| <b>Profit attributable to:</b>                                                       |      |                                                    |                              |                           |                                                    |                              |                           |                                                |                              |                           |
| Equity holders of Mpact                                                              |      |                                                    |                              | 126.1                     |                                                    |                              | 100.6                     |                                                |                              | 308.8                     |
| Non-controlling interests in subsidiaries                                            |      |                                                    |                              | 2.7                       |                                                    |                              | 6.0                       |                                                |                              | 12.7                      |
| <b>Profit for the period</b>                                                         |      |                                                    |                              | <b>128.8</b>              |                                                    |                              | 106.6                     |                                                |                              | 321.5                     |
| <b>Comprehensive income attributable to:</b>                                         |      |                                                    |                              |                           |                                                    |                              |                           |                                                |                              |                           |
| Equity holders of Mpact                                                              |      |                                                    |                              | 137.9                     |                                                    |                              | 100.9                     |                                                |                              | 304.5                     |
| Non-controlling interests in subsidiaries                                            |      |                                                    |                              | 2.7                       |                                                    |                              | 6.0                       |                                                |                              | 12.7                      |
| <b>Total comprehensive income</b>                                                    |      |                                                    |                              | <b>140.6</b>              |                                                    |                              | 106.9                     |                                                |                              | 317.2                     |
| <b>Earnings per share (EPS) attributable to equity holders of Mpact</b>              | 8    |                                                    |                              |                           |                                                    |                              |                           |                                                |                              |                           |
| Basic EPS (cents)                                                                    |      |                                                    |                              | 77.0                      |                                                    |                              | 61.3                      |                                                |                              | 188.5                     |
| Diluted EPS (cents)                                                                  |      |                                                    |                              | 76.5                      |                                                    |                              | 61.3                      |                                                |                              | 187.9                     |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                                               | Stated capital<br>Rm | Share-based payments reserves<br>Rm | Cash flow hedge reserves<br>Rm | Post-retirement benefits reserves<br>Rm | Other reserves^<br>Rm | Retained earnings/(accumulated loss)<br>Rm | Total attributable to equity holders of Mpact<br>Rm | Non-controlling interests<br>Rm | Total equity<br>Rm |
|---------------------------------------------------------------|----------------------|-------------------------------------|--------------------------------|-----------------------------------------|-----------------------|--------------------------------------------|-----------------------------------------------------|---------------------------------|--------------------|
| <b>Balance 1 January 2012 (audited)</b>                       | 2,334.1              | 1.8                                 | –                              | 17.1                                    | (41.4)                | (10.5)                                     | 2,301.1                                             | 110.9                           | 2,412.0            |
| Total comprehensive income                                    | –                    | –                                   | –                              | –                                       | 0.3                   | 100.6                                      | 100.9                                               | 6.0                             | 106.9              |
| Dividends paid                                                | –                    | –                                   | –                              | –                                       | –                     | (65.6)                                     | (65.6)                                              | –                               | (65.6)             |
| Decrease in non-controlling interest and put option exercised | –                    | –                                   | –                              | –                                       | 45.8                  | (0.9)                                      | 44.9                                                | (29.7)                          | 15.2               |
| Share scheme charges for the period                           | –                    | 2.7                                 | –                              | –                                       | –                     | –                                          | 2.7                                                 | –                               | 2.7                |
| Dividends paid to non-controlling shareholders                | –                    | –                                   | –                              | –                                       | –                     | –                                          | –                                                   | (3.0)                           | (3.0)              |
| <b>Balance at 30 June 2012 (unaudited)</b>                    | 2,334.1              | 4.5                                 | –                              | 17.1                                    | 4.7                   | 23.6                                       | 2,384.0                                             | 84.2                            | 2,468.2            |
| Total comprehensive income                                    | –                    | –                                   | (3.4)                          | (0.8)                                   | (0.4)                 | 208.2                                      | 203.6                                               | 6.7                             | 210.3              |
| Dividends paid                                                | –                    | –                                   | –                              | –                                       | –                     | (32.7)                                     | (32.7)                                              | –                               | (32.7)             |
| Share buy back                                                | (8.1)                | –                                   | –                              | –                                       | –                     | –                                          | (8.1)                                               | –                               | (8.1)              |
| Share scheme charges for the period                           | –                    | 5.8                                 | –                              | –                                       | –                     | –                                          | 5.8                                                 | –                               | 5.8                |
| Dividends paid to non-controlling shareholders                | –                    | –                                   | –                              | –                                       | –                     | –                                          | –                                                   | (1.3)                           | (1.3)              |
| Reclassification of pension fund reserve                      | –                    | –                                   | –                              | (16.6)                                  | –                     | 16.6                                       | –                                                   | –                               | –                  |
| Decrease in non-controlling interest in a subsidiary          | –                    | –                                   | –                              | –                                       | 0.3                   | (0.1)                                      | 0.2                                                 | –                               | 0.2                |
| <b>Balance at 31 December 2012 (audited)</b>                  | <b>2,326.0</b>       | <b>10.3</b>                         | <b>(3.4)</b>                   | <b>(0.3)</b>                            | <b>4.6</b>            | <b>215.6</b>                               | <b>2,552.8</b>                                      | <b>89.6</b>                     | <b>2,642.4</b>     |
| Total comprehensive income                                    | –                    | –                                   | <b>8.6</b>                     | –                                       | <b>3.2</b>            | <b>126.1</b>                               | <b>137.9</b>                                        | <b>2.7</b>                      | <b>140.6</b>       |
| Dividends paid                                                | –                    | –                                   | –                              | –                                       | –                     | <b>(81.8)</b>                              | <b>(81.8)</b>                                       | –                               | <b>(81.8)</b>      |
| Decrease in non-controlling interest and put option exercised | –                    | –                                   | –                              | –                                       | <b>16.0</b>           | <b>0.5</b>                                 | <b>16.5</b>                                         | <b>(11.7)</b>                   | <b>4.8</b>         |
| Share scheme charges for the period                           | –                    | <b>5.9</b>                          | –                              | –                                       | –                     | –                                          | <b>5.9</b>                                          | –                               | <b>5.9</b>         |
| Dividends paid to non-controlling shareholders                | –                    | –                                   | –                              | –                                       | –                     | –                                          | –                                                   | <b>(5.4)</b>                    | <b>(5.4)</b>       |
| Issue of shares options                                       | –                    | <b>(1.3)</b>                        | –                              | –                                       | –                     | <b>1.3</b>                                 | –                                                   | –                               | –                  |
| Purchase of shares <sup>1</sup>                               | –                    | –                                   | –                              | –                                       | –                     | <b>(2.5)</b>                               | <b>(2.5)</b>                                        | –                               | <b>(2.5)</b>       |
| Reclassification                                              | –                    | –                                   | –                              | –                                       | <b>(0.8)</b>          | <b>0.8</b>                                 | –                                                   | –                               | –                  |
| <b>Balance at 30 June 2013 (unaudited)</b>                    | <b>2,326.0</b>       | <b>14.9</b>                         | <b>5.2</b>                     | <b>(0.3)</b>                            | <b>23.0</b>           | <b>260.0</b>                               | <b>2,628.8</b>                                      | <b>75.2</b>                     | <b>2,704.0</b>     |

^ Other reserves consist of the option to equity holder reserves, revaluation reserves and foreign currency translation reserves.

<sup>1</sup> 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 scheme. As at 30 June 2013, there were no treasury shares held in the Trust.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|                                                              | (Unaudited)<br>Six months ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year ended<br>31 December<br>2012<br>Rm |
|--------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|
| Operating cash flows before movements in working capital     | 409.9                                                    | 386.8                                                    | 913.7                                                |
| Net increase in working capital                              | (428.3)                                                  | (161.8)                                                  | (48.4)                                               |
| <b>Cash (absorbed)/generated from operations</b>             | <b>(18.4)</b>                                            | 225.0                                                    | 865.3                                                |
| Taxation paid                                                | (11.3)                                                   | (16.0)                                                   | (38.3)                                               |
| Dividends received from equity accounted investees           | –                                                        | 1.4                                                      | 7.5                                                  |
| <b>Net cash (outflows)/inflows from operating activities</b> | <b>(29.7)</b>                                            | 210.4                                                    | 834.5                                                |
| Investment in property, plant and equipment                  | (206.7)                                                  | (165.7)                                                  | (362.5)                                              |
| Acquisition of business (note 11)                            | (15.0)                                                   | (7.1)                                                    | (7.1)                                                |
| Other investing activities                                   | (5.1)                                                    | 5.9                                                      | 5.6                                                  |
| <b>Net cash outflows from investing activities</b>           | <b>(226.8)</b>                                           | (166.9)                                                  | (364.0)                                              |
| Share buy back                                               | –                                                        | –                                                        | (8.1)                                                |
| Purchase of treasury shares                                  | (2.5)                                                    | –                                                        | –                                                    |
| Net (repayment of)/proceeds from borrowings                  | 119.1                                                    | (34.8)                                                   | (261.5)                                              |
| Finance costs paid                                           | (57.1)                                                   | (43.1)                                                   | (102.0)                                              |
| Dividends paid to Mpact shareholders                         | (81.8)                                                   | (65.6)                                                   | (98.3)                                               |
| Repayment of other non-current liabilities                   | (27.7)                                                   | (20.3)                                                   | (20.3)                                               |
| Other financing activities                                   | (5.3)                                                    | (5.1)                                                    | (6.1)                                                |
| <b>Net cash outflows from financing activities</b>           | <b>(55.3)</b>                                            | (168.9)                                                  | (496.3)                                              |
| <b>Net (decrease) in cash and cash equivalents</b>           | <b>(311.8)</b>                                           | (125.4)                                                  | (25.8)                                               |
| Cash and cash equivalents at beginning of the period^        | 381.1                                                    | 406.9                                                    | 406.9                                                |
| <b>Cash and cash equivalents at end of the period^</b>       | <b>69.3</b>                                              | 281.5                                                    | 381.1                                                |

^ Cash and cash equivalents net of overdrafts.

## Notes

### 1. Basis of preparation

The condensed, consolidated financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and is in compliance with IAS 34: Interim Financial Reporting, and the requirements of the Companies Act of South Africa. The preparation of the Group's consolidated results for the half-year ended 30 June 2013 was supervised by the Chief Financial Officer, BDV Clark CA(SA). These results are unaudited.

### 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 2012.

The following revised accounting standards, which had no significant impact on the Group, were adopted in the current period:

- IAS 19: Employee Benefits
- IAS 27: Separate Financial Statements
- IAS 28: Investment in Associates and Joint Ventures
- IAS 32: Financial Instruments – Presentation
- IFRS 7: Financial Instruments – Disclosures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement

### 3. Seasonality

Seasonal effects in the Group's markets have historically resulted in higher revenue and operating profits for the second half, when compared to the first half.

|                                                | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year<br>ended<br>31 December<br>2012<br>Rm |
|------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|
| <b>4. Group segment analysis</b>               |                                                             |                                                             |                                                         |
| <b>Revenue</b>                                 |                                                             |                                                             |                                                         |
| Paper                                          | 2,559.5                                                     | 2,394.4                                                     | 5,058.6                                                 |
| Plastics                                       | 968.8                                                       | 823.0                                                       | 1,778.6                                                 |
| Corporate and other business                   | –                                                           | –                                                           | –                                                       |
|                                                | <b>3,528.3</b>                                              | <b>3,217.4</b>                                              | <b>6,837.2</b>                                          |
| Less: Inter-segment revenue                    | (8.8)                                                       | (7.6)                                                       | (16.4)                                                  |
| <b>Total revenue</b>                           | <b>3,519.5</b>                                              | <b>3,209.8</b>                                              | <b>6,820.8</b>                                          |
| <b>Operating profit</b>                        |                                                             |                                                             |                                                         |
| Paper                                          | 251.3                                                       | 230.8                                                       | 562.4                                                   |
| Plastics                                       | 34.3                                                        | 37.1                                                        | 116.7                                                   |
| Corporate and other business                   | (49.7)                                                      | (45.6)                                                      | (94.4)                                                  |
| Segment total                                  | 235.9                                                       | 222.3                                                       | 584.7                                                   |
| Special items (note 6)                         | –                                                           | (5.4)                                                       | (6.0)                                                   |
| Share of equity accounted investee's profit    | 4.0                                                         | 2.2                                                         | 8.6                                                     |
| Net finance cost (excluding special financing) | (59.6)                                                      | (63.7)                                                      | (127.8)                                                 |
| <b>Profit before tax</b>                       | <b>180.3</b>                                                | <b>155.4</b>                                                | <b>459.5</b>                                            |
| <b>Assets</b>                                  |                                                             |                                                             |                                                         |
| Paper                                          | 2,900.5                                                     | 2,797.7                                                     | 2,837.4                                                 |
| Plastics                                       | 1,377.0                                                     | 1,168.1                                                     | 1,296.0                                                 |
| Corporate and other business <sup>1</sup>      | 1,448.5                                                     | 1,605.5                                                     | 1,703.1                                                 |
| <b>Total assets</b>                            | <b>5,726.0</b>                                              | <b>5,571.3</b>                                              | <b>5,836.5</b>                                          |

<sup>1</sup> includes intangible and other non-operating assets.

|                                                  | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year<br>ended<br>31 December<br>2012<br>Rm |
|--------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|
| <b>5. Operating profit</b>                       |                                                             |                                                             |                                                         |
| Included in operating profit are:                |                                                             |                                                             |                                                         |
| Amortisation of intangible assets                | 3.9                                                         | 11.6                                                        | 16.6                                                    |
| Depreciation                                     | 163.5                                                       | 151.5                                                       | 310.2                                                   |
| <b>6. Special items</b>                          |                                                             |                                                             |                                                         |
| Impairment of property, plant and equipment      | –                                                           | –                                                           | 0.6                                                     |
| Defined benefit pension plan settlement charge   | –                                                           | 5.4                                                         | 5.4                                                     |
|                                                  | –                                                           | 5.4                                                         | 6.0                                                     |
| <b>7. Finance costs</b>                          |                                                             |                                                             |                                                         |
| Bank and other borrowings                        | 59.3                                                        | 68.8                                                        | 130.7                                                   |
| Defined benefit arrangements                     | 2.6                                                         | 2.7                                                         | 5.0                                                     |
| Fair value losses                                | 1.2                                                         | –                                                           | 2.0                                                     |
|                                                  | <b>63.1</b>                                                 | <b>71.5</b>                                                 | <b>137.7</b>                                            |
| <b>8. Earnings per share</b>                     | <b>Cents</b>                                                | <b>Cents</b>                                                | <b>Cents</b>                                            |
| <b>Earnings per share (EPS)</b>                  |                                                             |                                                             |                                                         |
| Basic EPS                                        | 77.0                                                        | 61.3                                                        | 188.5                                                   |
| Diluted EPS                                      | 76.5                                                        | 61.3                                                        | 187.9                                                   |
| <b>Underlying earnings per share<sup>1</sup></b> |                                                             |                                                             |                                                         |
| Basic underlying EPS                             | 77.0                                                        | 63.7                                                        | 191.1                                                   |
| Diluted underlying EPS                           | 76.5                                                        | 63.6                                                        | 190.5                                                   |
| <b>Headline earnings per share<sup>2</sup></b>   |                                                             |                                                             |                                                         |
| Basic headline EPS                               | 76.7                                                        | 61.2                                                        | 187.5                                                   |
| Diluted headline EPS                             | 76.2                                                        | 61.1                                                        | 186.9                                                   |

<sup>1</sup> Underlying EPS excludes the impact of special items.

<sup>2</sup> The presentation of Headline EPS is mandated under the JSE Limited 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 headline earnings, based on basic earnings is as follows:

|                                                                      | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year<br>ended<br>31 December<br>2012<br>Rm |
|----------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|
| <b>Profit for the period attributable to equity holders of Mpact</b> | <b>126.1</b>                                                | <b>100.6</b>                                                | <b>308.8</b>                                            |
| Special items (see note 6)                                           | –                                                           | 5.4                                                         | 6.0                                                     |
| Related tax                                                          | –                                                           | (1.5)                                                       | (1.7)                                                   |
| <b>Underlying earnings for the period</b>                            | <b>126.1</b>                                                | <b>104.5</b>                                                | <b>313.1</b>                                            |
| Special items to be included in headline earnings                    | –                                                           | (5.4)                                                       | (5.4)                                                   |
| Profit on disposal of tangible and intangible assets                 | (0.7)                                                       | (0.4)                                                       | (2.9)                                                   |
| Related tax                                                          | 0.2                                                         | 1.7                                                         | 2.3                                                     |
| <b>Headline earnings for the period</b>                              | <b>125.6</b>                                                | <b>100.4</b>                                                | <b>307.1</b>                                            |
|                                                                      | <b>Number of<br/>shares</b>                                 | <b>Number of<br/>shares</b>                                 | <b>Number of<br/>shares</b>                             |
| <b>Basic number of shares outstanding</b>                            | <b>163,815,846</b>                                          | <b>164,046,476</b>                                          | <b>163,825,216</b>                                      |
| Effect of dilutive potential ordinary shares                         | 969,216                                                     | 173,484                                                     | 533,954                                                 |
| <b>Diluted number of ordinary shares outstanding<sup>1</sup></b>     | <b>164,785,062</b>                                          | <b>164,219,960</b>                                          | <b>164,359,170</b>                                      |

<sup>1</sup> 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.

|                                                                                                                                                                                                                                                                               | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year<br>ended<br>31 December<br>2012<br>Rm |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|
| <b>9. Stated capital</b>                                                                                                                                                                                                                                                      |                                                             |                                                             |                                                         |
| <b>Ordinary</b>                                                                                                                                                                                                                                                               |                                                             |                                                             |                                                         |
| Balance at beginning of the period<br>(June 2013: 163,575,656; December 2012 and<br>June 2012: 164,046,476 shares of no par value)                                                                                                                                            | <b>2,326.0</b>                                              | 2,334.1                                                     | 2,334.1                                                 |
| Repurchase of shares                                                                                                                                                                                                                                                          | –                                                           | –                                                           | (8.1)                                                   |
| Balance at end of the period<br>(December 2012 and June 2013: 163,575,656;<br>June 2012: 164,046,476 shares with no par value)                                                                                                                                                | <b>2,326.0</b>                                              | 2,334.1                                                     | 2,326.0                                                 |
| <b>Total issued stated capital</b>                                                                                                                                                                                                                                            | <b>2,326.0</b>                                              | 2,334.1                                                     | 2,326.0                                                 |
| <b>10. Borrowings</b>                                                                                                                                                                                                                                                         |                                                             |                                                             |                                                         |
| – Bank borrowings                                                                                                                                                                                                                                                             | <b>1,100.0</b>                                              | 1,100.0                                                     | 1,100                                                   |
| – Shareholder loans                                                                                                                                                                                                                                                           | <b>2.6</b>                                                  | 9.8                                                         | 3.9                                                     |
| – Finance lease liability                                                                                                                                                                                                                                                     | <b>15.9</b>                                                 | 15.1                                                        | 18.4                                                    |
| Long-term borrowings                                                                                                                                                                                                                                                          | <b>1,118.5</b>                                              | 1,124.9                                                     | 1,122.3                                                 |
| Short-term borrowings and short-term portion<br>of long-term borrowings                                                                                                                                                                                                       | <b>432.5</b>                                                | 538.6                                                       | 314.4                                                   |
| Bank overdraft                                                                                                                                                                                                                                                                | <b>22.3</b>                                                 | 9.7                                                         | 18.4                                                    |
| <b>Total borrowings</b>                                                                                                                                                                                                                                                       | <b>1,573.3</b>                                              | 1,673.2                                                     | 1,455.1                                                 |
| The Company's borrowing powers are not restricted. There have been no changes to the overall terms of the banking facilities.                                                                                                                                                 |                                                             |                                                             |                                                         |
| <b>11. Businesses combination</b>                                                                                                                                                                                                                                             |                                                             |                                                             |                                                         |
| On 6 February 2013 the Group acquired a PET tray business at fair value for R15 million. Profit for the period arising on this acquisition was not material for the Group.                                                                                                    |                                                             |                                                             |                                                         |
|                                                                                                                                                                                                                                                                               | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013<br>Rm | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012<br>Rm | (Audited)<br>Year<br>ended<br>31 December<br>2012<br>Rm |
| <b>12. Capital commitments</b>                                                                                                                                                                                                                                                |                                                             |                                                             |                                                         |
| – Contracted capital commitments                                                                                                                                                                                                                                              | <b>43.9</b>                                                 | 102.5                                                       | 62.5                                                    |
| – Approved capital commitments                                                                                                                                                                                                                                                | <b>49.5</b>                                                 | 66.5                                                        | 43.2                                                    |
| <b>Capital commitments</b>                                                                                                                                                                                                                                                    | <b>93.4</b>                                                 | 169.0                                                       | 105.7                                                   |
| These commitments will be met from existing cash resources and borrowing facilities available to the Group.                                                                                                                                                                   |                                                             |                                                             |                                                         |
| <b>13. Contingent liabilities</b>                                                                                                                                                                                                                                             | <b>7.5</b>                                                  | 8.1                                                         | 7.7                                                     |
| A settlement agreement relating to the valuation of put options previously held in a Group subsidiary provides for a deferred payment contingent upon achievement of certain EBITDA and ROCE levels for the years 2013 to 2018, subject to a maximum amount of R18.4 million. |                                                             |                                                             |                                                         |

|                                                                                                                                                                                                                                                                                                                                                                 | (Unaudited)<br>Six months<br>ended<br>30 June<br>2013 | (Unaudited)<br>Six months<br>ended<br>30 June<br>2012 | (Audited)<br>Year<br>ended<br>31 December<br>2012 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------|
| <b>14. Net asset value per share</b>                                                                                                                                                                                                                                                                                                                            |                                                       |                                                       |                                                   |
| Net asset value per share is defined as net assets divided by the number of ordinary shares in issue as at the period-end.                                                                                                                                                                                                                                      |                                                       |                                                       |                                                   |
| Net asset value per share (cents)                                                                                                                                                                                                                                                                                                                               | <b>1,653.1</b>                                        | 1,504.6                                               | 1,615.4                                           |
| <b>15. Related parties</b>                                                                                                                                                                                                                                                                                                                                      |                                                       |                                                       |                                                   |
| Transactions between the Company and its respective subsidiaries, which are related parties, have been eliminated on consolidation.                                                                                                                                                                                                                             |                                                       |                                                       |                                                   |
| The Group and its subsidiaries, in the ordinary course of business, enter into various sales, purchases and service transactions with 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. |                                                       |                                                       |                                                   |
| There have been no significant changes to the related parties in this interim reporting period.                                                                                                                                                                                                                                                                 |                                                       |                                                       |                                                   |
| <b>16. Post-balance sheet events</b>                                                                                                                                                                                                                                                                                                                            |                                                       |                                                       |                                                   |
| There have been no significant post-balance sheet events that occurred subsequent to 30 June 2013.                                                                                                                                                                                                                                                              |                                                       |                                                       |                                                   |

## NOTES

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#### **Disclaimer**

This document including, without limitation, those statements concerning the demand outlook, expansion projects and its capital resources and expenditure, may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty and although Mpact believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government action and business and operational risk management. While Mpact has taken reasonable care to ensure the accuracy of the information presented, Mpact accepts no responsibility for any consequential, indirect, special or incidental damages, whether foreseeable or unforeseeable, based on claims arising out of misrepresentation or negligence arising in connection with a forward-looking statement. This document is not intended to contain any profit forecasts or profit estimates.



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#### **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")

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