

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

AUDITED PRELIMINARY SUMMARISED CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND
DECLARATION OF A SCRIP DISTRIBUTION WITH A CASH DIVIDEND ALTERNATIVE

HIGHLIGHTS

- Revenue of R9.5 billion up 10.8% (December 2014: R8.6 billion)
- Underlying operating profit up 21.0% to R909 million (December 2014: R751 million)
- Basic underlying earnings per share up 36.3% to 366.9 cents (December 2014: 269.2 cents)
- Total gross dividend up 19.6% to 110 cents per share (December 2014: 92 cents per share)
- Return on Capital Employed (ROCE) of 18.9% (December 2014: 18.1%)
- B-BBEE rating improved to Level 3
- rPET project and phase 1 of the Felixton mill rebuild commissioned on time and within budget

COMPANY PROFILE

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

Mpact has 33 operating sites, of which 23 are manufacturing operations, in South Africa, Namibia, Mozambique, Botswana and Zimbabwe. South African-based customers accounted for approximately 90% of Mpact's sales for the current year, with the balance of sales predominantly to customers in the rest of Africa.

As at 31 December 2015 Mpact employed 4,467 people.

GROUP PERFORMANCE

The Group's results for the year ended 31 December 2015 reflect a strong improvement in the Plastics business and a lower effective tax rate. The improvement in Plastics was on the back of good volume growth, cost containment and the restructure of the FMCG business in 2014. The Paper business delivered steady growth underpinned by increased sales to the fruit sector.

Revenue was 10.8% higher than the comparable prior year period at R9.5 billion, attributable to higher average selling prices, organic volume growth of 2.1% and acquisitions which contributed 1.2%. Underlying operating profit increased by 21.0% to R909 million with the operating profit margin increasing to 9.5% from 8.7% in the prior year.

ROCE for the year improved to 18.9% (December 2014: 18.1%)

Underlying earnings per share increased by 36.3% to 366.9 cents (December 2014: 269.2 cents) with the effective tax rate decreasing to 21.8% (December 2014: 28.4%)

On 1 April 2015 Mpact announced the successful implementation of a Broad-Based Black Economic Empowerment ("B-BBEE") transaction. This contributed to an improved B-BBEE rating to Level 3 from Level 5.

The Group's two major capital investment projects progressed well during the year. Phase 1 of the R765 million Felixton Mill upgrade was commissioned on time and within budget with the mill's subsequent performance reflecting the expected benefits. Phase 2 of the project is on schedule to be completed during 2017.

The new R350 million recycled polyethylene-terephthalate (rPET) operation, which forms part of our recently established Mpact Polymers business, was commissioned on time and within budget. In September 2015 having complied with the relevant EU regulations, Mpact's rPET, branded Savuka PET, was formally declared safe for use in the packaging of food and beverage products. Approval from The Coca-Cola Company for use of Savuka PET in the bottling of their brands was obtained on 10 February 2016.

Paper business

In the Paper business revenue for the year was up 11.8% to R7.0 billion. Acquisitions and organic volume growth increased revenue by 1.7% and 0.9% respectively, with higher sales volumes to the fruit sector partially offset by lower external sales of recovered fibre and exports. Underlying operating profit increased by 13.0% to R803 million due to higher selling prices and a favourable product mix, the benefits of which were reduced by increased raw material costs. The underlying operating margin improved marginally from 11.3% to 11.4%.

Plastics business

Revenue in the Plastics business increased by 8.1% to R2.5 billion with volume growth of 12.1%, mainly attributable to fruit packaging, bulk bins and beverage preforms, offset by lower average selling prices which reflected lower polymer prices. The FMCG business delivered a much improved result following its restructuring in 2014. Underlying operating profit increased by 50.8% to R199 million and the underlying operating profit margin improved to 7.9% from 5.6% in the comparable prior year period.

Net finance costs

Net finance costs increased by 9.1% to R132 million (December 2014: R121 million) as a result of higher interest rates and increased average net debt over the year. Net finance costs were reduced by capitalised interest of R27 million on major projects.

Tax

The effective tax rate for the period was 21.8%. (December 2014: 28.4%). The lower effective tax rate is due mainly to the recognition of deferred tax on previously unrecognised tax losses.

Earnings per share
Underlying earnings per share increased by 36.3% to 366.9 cents (December 2014: 269.2 cents).

Net debt

Net debt at 31 December 2015 was R1,592 million (December 2014: R1,303 million), an increase of 22.2% from the prior year. Gearing at year-end was 30.2% (December 2014: 29.0%). During the year Mpact fixed the interest rate on R700 million of its debt facilities comprising R500 million at 9.49% for 5 years and R200 million at 9.15% for 8 years.

OUTLOOK

It remains difficult to predict developments in the South African economy in the year ahead, suffice to say that we share the belief that the economic turbulence in which the Group operates, possibly exacerbated by the effects of drought, will not abate.

As noted in the interim results, the change of ownership of a number of paper mills and recycling businesses in South Africa has changed the competitive landscape. While the short term consequences of these changes are uncertain, we remain confident that interventions such as the Felixton Mill upgrade, the Mpact Polymers rPET project and investments in the recycling and corrugated businesses will advance Mpact's growth prospects.

Notwithstanding the current headwinds, our strategy addresses sustainable growth initiatives over the long-term and we are confident in the Group's ability to meet the challenges.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

Notice is hereby given that the Board has declared a final distribution for the year ended 31 December 2015, by way of the issue of fully-paid Mpact ordinary shares of no par value each ("the Scrip Distribution") as a scrip distribution payable to ordinary shareholders ("Shareholders") recorded in the register of the Company at the close of business on the Record Date, being Friday, 15 April 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 80 cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12h00 on Friday, 15 April 2016 ("the Cash Dividend").

The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all Shareholders not exempt therefrom, after deduction of which the net Cash Dividend is 68 cents per Mpact ordinary share.

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

The Company's total number of issued ordinary shares as at 1 March 2016 is 165,958,619. Mpact's income tax reference number is 9003862175.

2. Terms of the Scrip Distribution

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Mpact (at the close of business on the Record Date, being Friday, 15 April 2016 in relation to the ratio that 80 cents bears to the volume weighted average price ("VWAP") of an ordinary Mpact share traded on the JSE during the 30-day trading period ending on Thursday, 31 March 2016. Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

where the application of this ratio gives rise to a fraction of an ordinary share, the number of shares will be rounded up to the nearest whole number, if the fraction is 0.5 or more, and rounded down to the nearest whole number, if the fraction is less than 0.5.

3. Circular and salient dates

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative, including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Wednesday, 16 March 2016. The salient dates of events thereafter are as follows:

EVENT	2016
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Thursday, 31 March 2016, by 11h00 on	Friday, 1 April
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Thursday, 31 March 2016 on	Monday, 4 April
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Friday, 8 April
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	Monday, 11 April
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the Scrip distribution from the commencement of business	Monday, 11 April
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12h00 noon on	Friday, 15 April
Record Date in respect of the Scrip distribution and the Cash Dividend alternative	Friday, 15 April
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 18 April
Announcement relating to the results of the Scrip Distribution and the	

Cash Dividends alternative released on SENS on

Monday, 18 April

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

Share certificates may not be dematerialised or rematerialised between Monday, 11 April 2016 and Friday, 15 April 2016, both days inclusive.

Change in directorate

There has been no change to the Board of directors for the period ended 31 December 2015.

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

2 March 2016

Directors:

Independent Non-Executive:

AJ Phillips (Chairman), NP Dongwana, NB Langa-Royds, TDA Ross, AM Thompson

Executive:

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

Company secretary:

MN Sepuru

Registered office:

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

Transfer secretaries:

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

Sponsors:

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

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 R'm	2014 R'm
Revenue		9 547.7	8 617.2
Cost of sales		(5 883.0)	(5 332.3)
Gross margin		3 664.7	3 284.9
Administration and other operating expenses		(2 345.7)	(2 150.6)
Depreciation, amortisation and impairments		(410.0)	(405.8)
Operating profit		909.0	728.5
Share of profit from equity accounted investees	3	13.0	15.6
Profit on sale of equity accounted investees		0.2	-
Total profit from operations and equity accounted investees		922.2	744.1
Net finance costs		(132.0)	(121.0)
Investment income		8.7	9.7
Finance costs		(140.7)	(130.7)
Profit before taxation		790.2	623.1
Tax charge		(172.4)	(176.9)
Profit for the year		617.8	446.2
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains (losses) on post-retirement benefit scheme		6.7	(0.6)
Tax effect		(1.9)	0.2
Items that may be reclassified subsequently to profit or loss			
Effects of cash flow hedges		8.1	0.2
Tax effect		(2.3)	(0.1)
Exchange differences on translation of foreign operations		7.5	2.4
Other comprehensive income for the financial year net of tax		18.1	2.1
Total comprehensive income for the year		635.9	448.3
Attributable to:			
Non-controlling interests in subsidiaries		14.6	23.2
Equity holders of Mpact		621.3	425.1
		635.9	448.3

Profit for the year		617.8	446.2
Attributable to:			
Non-controlling interests in subsidiaries		15.3	23.2
Equity holders of Mpact		602.5	423.0
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	4	366.9	259.1
Diluted EPS (cents)	4	363.3	256.9

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at year ended 31 December 2015

	2015	2014
	R'm	R'm
Goodwill and other intangible assets	1,066.5	1,076.4
Property, plant and equipment	3,041.2	2,422.9
Investments in equity accounted investees	90.5	90.2
Financial asset investments	24.6	19.8
Deferred tax assets	15.3	18.5
Derivative financial instruments	13.9	5.0
Non-current assets	4 252.0	3,632.8
Inventories	1,275.0	1,125.8
Trade and other receivables	2,013.2	1,765.3
Cash and cash equivalents	508.9	535.1
Derivative financial instruments	15.1	1.0
Current tax receivable	5.0	2.8
Current assets	3,817.2	3,430.0
Total assets	8,069.2	7,062.8
Short-term borrowings	770.0	887.7
Trade and other payables	1,855.6	1,697.4
Current tax liabilities	4.0	6.5
Provisions	3.6	2.4
Other current liabilities	4.6	4.6
Derivative financial instruments	7.0	0.2
Deferred income	5.5	1.9
Current liabilities	2,650.3	2,600.7
Non-current borrowings	1,331.0	950.3
Retirement benefits obligation	53.0	57.4
Deferred tax liabilities	266.8	214.0
Other non-current liabilities	21.7	21.7
Deferred income	34.6	12.6
Non-current liabilities	1,707.1	1,256.0
Total liabilities	4,357.4	3,856.7
Stated capital (see note 5)	2,426.2	2,344.1
Retained earnings	1,170.8	738.0
Other reserves	7.8	9.2
Total attributable to equity holders of Mpact	3,604.8	3,091.3
Non-controlling interests in subsidiaries	107.0	114.8
Total equity	3,711.8	3,206.1
Total equity and liabilities	8,069.2	7,062.8

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	2015	2014
	R'm	R'm
Operating cash flows before movements in working capital	1,321.7	1,146.5
Net increase in working capital	(235.2)	(156.6)
Cash generated from operations	1,086.5	989.9
Dividends from equity accounted investees	12.5	5.4
Taxation paid	(115.5)	(167.2)
Net cash inflows from operating activities	983.5	828.1
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash	-	(1.9)
Additions to property, plant and equipment	(979.2)	(700.7)
Government grant received	31.1	-
Proceeds from the disposal of property, plant and equipment	5.1	4.1
Proceeds from disposal of associates	0.4	-
Loan repayments (advances to)/from external parties	(4.7)	5.1
Interest received	8.7	9.7
Acquisition of non-controlling interest in a subsidiary	(1.4)	-
Net cash outflows from investing activities	(940.0)	(683.7)
Cash flows from financing activities		
Borrowings raised	253.9	274.6
Finance costs paid	(170.5)	(127.6)
Dividends paid to non-controlling interests	(4.1)	(4.6)
Dividends paid to equity holders of Mpact Limited Group	(75.8)	(119.1)
Purchase of treasury shares	(73.5)	(49.4)
Repayment of other non-current liabilities	3.2	-
Payment of deferred settlement charge	(4.6)	-
Net cash outflows from financing activities	(71.4)	(26.1)
Net (decrease) increase in cash and cash equivalents	(27.9)	118.3
Cash and cash equivalents at beginning of year(1)	510.7	392.4

Cash and cash equivalents at end of year(1) 482.8 510.7

(1)Cash and cash equivalents net of overdrafts.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Stated capital R'm	Share- based payment reserves R'm	Cash flow hedge reserves R'm	Post- retirement benefit reserves R'm	Other reserves(1) R'm	Treasury shares R'm	Retained earnings R'm	Total attributable to equity holders of Mpact Ltd R'm	Non- controlling interests R'm	Total equity R'm
Balance at 31 December 2013	2,326.0	30.1	4.1	8.3	(31.5)	(30.3)	478.8	2,785.5	98.1	2,883.6
Total comprehensive income for the year	-	-	0.1	(0.4)	2.4	-	423.0	425.1	23.2	448.3
Dividends paid(2)	18.1	-	-	-	-	-	(137.2)	(119.1)	-	(119.1)
Purchase of treasury shares(3)	-	-	-	-	-	(49.4)	-	(49.4)	-	(49.4)
Share plan charges for the year	-	15.4	-	-	-	-	-	15.4	-	15.4
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4.6)	(4.6)
Reclassification	-	-	-	-	2.7	-	(2.7)	-	-	-
Deferred settlement charge	-	-	-	-	-	-	(4.6)	(4.6)	-	(4.6)
Issue/exercise of shares under employee share scheme	-	(16.1)	-	-	-	40.7	(19.3)	5.3	-	5.3
Put option held by non-controlling shareholder of subsidiary(4)	-	-	-	-	33.1	-	-	33.1	-	33.1
Acquisition of subsidiary	-	-	-	-	-	-	-	-	(1.9)	(1.9)
Balance at 31 December 2014	2,344.1	29.4	4.2	7.9	6.7	(39.0)	738.0	3,091.3	114.8	3,206.1
Total comprehensive income for the year	-	-	5.8	4.8	8.2	-	602.5	621.3	14.6	635.9
Dividends paid(2)	82.1	-	-	-	-	(0.8)	(157.1)	(75.8)	-	(75.8)
Purchase of treasury shares(3)	-	-	-	-	-	(73.5)	-	(73.5)	-	(73.5)
Share plan charges for the year	-	19.6	-	-	-	-	-	19.6	-	19.6
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4.1)	(4.1)
Issue /exercise of shares under employee share scheme	-	(15.2)	-	-	-	49.7	(25.0)	9.5	-	9.5
Increase in shareholding in subsidiaries(5)	-	-	-	-	-	-	17.0	17.0	(18.3)	(1.3)
Deferred settlement charge	-	-	-	-	-	-	(4.6)	(4.6)	-	(4.6)
Balance at 31 December 2015	2,426.2	33.8	10.0	12.7	14.9	(63.6)	1,170.8	3,604.8	107.0	3,711.8

- (1) Other reserves consist of the put option to equity holder reserve and the foreign currency translation reserve.
(2) Dividends declared amounted to R157.1 million (2014: R137.2 million) of which R82.1 million (2014: R18.1 million) related to a capitalisation issue.
(3) Treasury shares purchased represent the cost of shares in Mpact Ltd purchased in the market and held by the Mpact Incentive Share Trust to satisfy share awards under the Group's share incentive scheme. As at 31 December 2015, there are 1 457 388 (2014: 1 063 281) treasury shares on hand.
(4) During the prior year Mpact Limited acquired a subsidiary where the minority shareholders have a put option to sell the remainder of their interest to Mpact at a future date.
(5) The group increased its shareholding in two subsidiaries by acquiring a further 9% and 5% respectively.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. ACCOUNTING POLICIES

Basis of preparation

These preliminary summarised, consolidated financial statements have been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited's listing requirements and the Companies Act of South Africa and contains at a minimum the information required by IAS 34: Interim Financial Reporting.

These summarised consolidated financial statements for the year ended 31 December 2015 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. Any reference to future financial performance included in this announcement has not been reviewed or reported on the Company's auditors.

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

The directors take full responsibility for the preparation of the summarised consolidated financial statements and the financial information has been correctly extracted from the underlying annual financial statements.

Accounting policies

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

The Group has adopted the following amendment to a published Standard during the current year, which had no significant impact on the Group's results:

- IAS 19 - Employee Benefits - Defined benefit plans

2. OPERATING SEGMENTS

Operating segment revenue

	Segment revenue	2015 Internal revenue(1)	External revenue	Segment revenue	2014 Internal revenue(1)	External revenue
	R'm	R'm	R'm	R'm	R'm	R'm
Paper	7,060.1	(45.8)	7,014.3	6,294.0	(21.2)	6,272.8
Plastics	2,533.4	-	2,533.4	2,344.4	-	2,344.4
Segments total	9,593.5	(45.8)	9,547.7	8,638.4	(21.2)	8,617.2

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

	2015 R'm	2014 R'm
Operating segment underlying operating profit/(loss)		
Paper	802.7	710.6
Plastics	199.0	132.0
Corporate	(92.7)	(91.1)
Segments total before special items	909.0	751.5
Special items(1)	-	(23.0)
Share of profit from equity accounted investees	13.0	15.6
Net finance costs	(132.0)	(121.0)
Profit on sale of equity accounted investee	0.2	-
Profit before tax	790.2	623.1
Significant components of operating profit		
Depreciation, amortisation and impairment		
Paper	233.6	239.8
Plastics	157.4	138.7
Corporate	19.0	27.3
Segments total	410.0	405.8
Operating segment assets		
Segment assets(2)		
Paper	4,247.4	3,720.6
Plastics	1,858.7	1,500.6
Corporate	1,184.8	1,081.3
Inter-segment elimination	(6.4)	(3.6)
Segment total	7,284.5	6,298.9
Unallocated:		
Investments in equity accounted investees	90.5	90.2
Deferred tax assets	15.3	18.5
Other non-operating assets(3)	145.4	100.3
Trading assets	7,535.7	6,507.9
Financial asset investments	24.6	19.8
Cash and cash equivalents	508.9	535.1
Total assets	8,069.2	7,062.8

(1) Special items include impairment charged on property, plant and equipment of Rnil (2014: R9.3 million), and restructure costs of Rnil. (2014: R13.7 million).

(2) Segment assets are operating assets and as at 31 December 2015 consist of property, plant and equipment of R3,041.2 million (2014: R2,422.9 million), goodwill and other intangible assets of R1,066.5 million (2014: R1,076.4 million), inventories of R1,275.0 million (2014: R1,125.8 million) and operating receivables of R1,901.8 million (2014: R1,673.8 million).

(3) Other non-operating assets consist of derivative assets of R29.0 million (2014: R6.0 million), other non-operating receivables of R111.4 million (2014: R91.5 million) and current tax receivable of R5.0 million (2014: R2.8 million).

	2015 R'm	2014 R'm
3. OPERATING PROFIT		
Operating profit for the year has been arrived at after charging:		
Impairment charge of property, plant and equipment	-	9.3
Depreciation of property, plant and equipment	400.1	385.5
Amortisation of intangibles	9.9	11.0

4. EARNINGS PER SHARE

	2015 Cents per share	2014 Cents per share
Earnings per share (EPS)		
Basic EPS	366.9	259.1
Diluted EPS	363.3	256.9
Headline earnings per share for the financial year(1)		
Basic headline EPS	365.8	262.7
Diluted headline EPS	362.2	260.5

Underlying earnings per share for the financial year(2)

Basic underlying EPS	366.9	269.2
Diluted underlying EPS	363.3	267.0

- (1) The presentation of Headline EPS is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 2/2015, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.
(2) Underlying earnings is arrived at after adjusting profit attributable to equity holders of Mpact for special items, net of tax. (See note 2, segment operating profit).

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

	2015 R'm	Earnings	2014 R'm
Profit for the financial year attributable to equity holders of Mpact	602.5		423.0
Impairment of tangible assets	-		9.3
Profit on sale of equity accounted investees	(0.2)		-
Profit on disposal of tangible assets	(2.4)		(1.0)
Related tax	0.8		(2.4)
Headline earnings for the financial year	600.7		428.9
		weighted number of shares	
	2015		2014
Weighted average number of ordinary shares in issue	164,218,439		163,268,866
Effect of dilutive potential ordinary shares(1)	1,626,716		1,362,284
Diluted number of ordinary shares in issue	165,845,155		164,631,150

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

	2015 R'm	2014 R'm
5. STATED CAPITAL		
Authorised share capital		
217,500,000 shares of no par value	-	-
Issued share capital		
Issue of shares of no par value	2,344.1	2,326.0
Capitalisation issue	82.1	18.1
	2,426.2	2,344.1

During the year 1,857,822 new ordinary shares were issued to shareholders who elected to receive capitalisation shares in terms of the capitalisation issue. As at 31 December 2015, 165,958,619 shares were in issue (2014: 164,100,797).

6. FAIR VALUE ESTIMATION

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Specific valuation methodologies used to value financial instruments include:

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

Financial instruments by category

	Fair value hierarchy	Loans and receivables R'm	At fair value through profit or loss R'm	Total R'm
2015				
Financial assets				
Trade and other receivables	Level 2	2,013.2	-	2,013.2
Financial asset investments	Level 2	24.6	-	24.6
Derivative financial instruments	Level 2	-	29.0	29.0
Cash and cash equivalents	Level 1	508.9	-	508.9
Total		2,546.7	29.0	2,575.7
2014				
Financial assets				
	Fair value hierarchy	Loans and receivables R'm	At fair value through profit or loss R'm	Total R'm

Trade and other receivables	Level 2	1,765.3	-	1,765.3
Financial asset investments	Level 2	19.8	-	19.8
Derivative financial instruments	Level 2	-	6.0	6.0
Cash and cash equivalents	Level 1	535.1	-	535.1
Total		2,320.2	6.0	2,326.2

7. CAPITAL COMMITMENTS

Contracted for		443.0	503.8
Approved, not yet contracted for		885.6	848.4
		1,328.6	1,352.2

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

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- Contingent liabilities for the Group comprise aggregate amounts at 31 December 2015 of R17.4 million (2014: R7.8 million) in respect of loans and guarantees given to banks and other third parties.
- A Group mill is the subject of a land claim, which should not have a material impact on the financial position of the Group.
- In 2013 a settlement was reached in respect of a dispute relating to the valuation of put options in a group subsidiary. The settlement agreement provides for a deferred payment contingent upon the achievement of certain EBITDA and ROCE levels for the years 2016 to 2018, subject to a maximum amount of R6.5 million (2014: R11.1 million).
- There were no significant contingent assets for the Group at 31 December 2015 and 31 December 2014.

9. RELATED PARTY TRANSACTIONS

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

The Group, in the ordinary course of business, enter into various sales, purchase and services transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions in total are not significant.

10. EVENTS OCCURRING AFTER THE REPORTING DATE

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