MPACT LIMITED GROUP AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December

2016

mpact

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TABLE OF CONTENTS

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

31 December 2016

Directors' responsibility statement and basis of preparation, approval of the financial statements and certificate by company secretary	1
Independent auditor's report	2 – 4
Report of the directors	5 – 8
Audit and Risk Committee report	9 – 11
Statement of comprehensive income	12
Statement of financial position	13
Statement of cash flows	14
Statement of changes in equity	15
Notes to the annual financial statements	16 – 50

DIRECTORS' RESPONSIBILITY STATEMENT AND BASIS OF PREPARATION

The directors are responsible for preparing the annual financial statements in accordance with applicable law and regulations.

These audited annual financial statements have been prepared using accounting policies compliant with 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 and are in compliance with the Companies Act of South Africa.

The preparation of these annual financial statements for the year ended 31 December 2016 was supervised by the Chief Financial Officer, Mr BDV Clark CA(SA).

In preparing the consolidated financial statements of Mpact Limited and its subsidiaries ("Group"), International Accounting Standard 1, "Presentation of Financial Statements", requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

APPROVAL OF THE FINANCIAL STATEMENTS

The directors confirm, that to the best of their knowledge, the consolidated financial statements are prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa, fairly present the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole.

The directors believe that the Group has adequate resources to continue in operation for the foreseeable future and the financial statements have therefore been prepared on a going concern basis.

The financial statements and related notes, which appear on pages 5 to 50 were approved by the Board of Directors and authorised for issue on 1 March 2017 and were signed on its behalf by:

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that Mpact Limited Group has lodged with the Companies and Intellectual Property Commission all such returns, as are required of a company in terms of the Act and, that such returns are true, correct and up to date.

Noriah Sepuru
Company Secretary

1 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MPACT LIMITED GROUP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Mpact Limited and its subsidiaries ("the Group") set out on pages 12 to 50, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Valuation of goodwill	
The Group's goodwill balance of R1 046.9 million makes up 12% of total assets. In accordance with IAS 36 *Impairment of Assets*, the Directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. The Directors have allocated goodwill to the cash-generating units ("CGUs") identified in note 7. The Directors determined the recoverable amounts of these goodwill balances using discounted cash flow models ("DCF"). The assumptions with the most significant impact on the cash flow forecasts are presented in note 7 to the consolidated financial statements: • The growth rate, is considered by Directors to be highly subjective since it is based on Director's experience and expectations rather than observable market data. • The discount rate is based on the weighted average cost of capital. The calculation of the weighted average cost of capital is complex. Given that the assumptions are complex and require significant judgement, this is considered a key audit matter.	We assessed the assumptions used in the valuation models to determine the fair value of cash-generating units, described in note 7 to the consolidated financial statements. Our audit procedures included: • challenged the impairment calculations prepared by Directors and audited the validity and reasonableness of the assumptions applied in the respective models by comparing the assumptions to historical information and approved budgets; • performed independent sensitivities of the valuations, increasing the discount rates and compared these results with the carrying values of goodwill; and • we performed an independent assessment of the risk of impairment of goodwill using the market capitalisation of the Group. We found that the Director's assumptions were reasonable. We consider the disclosures for goodwill to be reasonable and useful.

Key audit matter	How the matter was addressed in the audit
Non-recognition of the section 12I ("S12I") allowance on property, plant and equipment	
In calculating the normal tax accrual as at 31 December 2016, the Group have taken into account the S12I allowances claimed by the Group under the Department of Trade and Industry ("DTI's") industrial policy. Depending on the qualifying status at the end of each project, the Group could be allowed a deduction of up to 55% of the cost of the manufacturing equipment. The S12I allowances are claimed for tax when the asset is brought into use, however, as there is uncertainty regarding the achievement of certain long-term targets associated with the deduction, particularly the energy efficiency target, the Directors have not included the earnings enhancing effect of the Felixton Phase 1 allowance in the taxation charge for the December 2016 year-end. Given the significance of the amount, the effect on the Group's effective tax rate and the judgement exercised, this is considered a key audit matter.	We involved our tax specialists to assist in considering the eligibility of Mpact in recognising the financial benefits of the S12I allowances, which included the following procedures: • Assessed the competence of the Directors and management experts used to assess targets associated with the S12I allowance. • Evaluated if the rules of the section 12I allowance had been complied with and assessed whether the related targets were likely to be met by comparing the actual results to date to the targets. • Evaluated the uncertainties surrounding the achieving of the S12I allowance criteria and the related forecasts. Given the level of uncertainty regarding the achievement of the long-term targets in respect of the Felixton claim, we concur with the Directors that non-recognition of its benefits in the current year is appropriate.
Non-recognition of deferred tax assets on assessable losses	
One of the Group's subsidiaries, has R265.4 million of unutilised assessed losses. There is uncertainty and judgement involved in forecasting future taxable profits and as this subsidiary is new and does not have a history of operating profitably, a decision was made not to raise a deferred tax asset in respect of these losses. Given the significant judgement involved in forecasting future taxable profits, this is considered a key audit matter. We involved our tax specialists to assist in evaluating the recognition and measurement criteria related to a deferred tax asset. Our evaluation included: • analysed the current and deferred tax calculations for compliance with the relevant tax legislation; • evaluated the Directors' assessment of the manner in which the temporary differences, including the recoverability of the deferred tax assets, would be realised by comparing this to evidence obtained in respect of other areas of the audit, including cash flow forecasts, business plans, minutes of Directors' meetings and our knowledge of the business; and • challenged the assumptions made by Directors regarding the earning of future taxable income by the subsidiary concerned, to ensure the decision taken was based on the most probable outcome in the foreseeable future.	We concurred with the Director's assessment of the unpredictability of future taxable income and are satisfied that the non-recognition of deferred tax asset is appropriate in respect of the subsidiary concerned. We found the disclosures relating to the income tax and deferred tax balances to be appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Certificate, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

Responsibilities of the directors for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of the Directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Mpact Limited for 12 years.

Deloitte & Touche
Registered Auditors
Per: **MH Holme**
Partner

1 March 2017

REPORT OF THE DIRECTORS

31 December 2016

The directors have pleasure in presenting their report on the consolidated annual financial statements of Mpact Limited and its Subsidiaries ("Group") for the year ended 31 December 2016.

NATURE OF BUSINESS

Mpact is one of the largest paper and plastics packaging businesses in Southern Africa, with leading market positions in recovered paper and plastics collection, corrugated packaging, recycled-based cartonboard and containerboard, PET preforms, styrene trays and plastic jumbo bins. Mpact Limited is incorporated in the Republic of South Africa and is listed on the JSE.

The principal activities of the Group remain unchanged from the previous year.

SEGMENT ANALYSIS

An analysis of results by each operating segment can be found on pages 24 to 25.

STATED CAPITAL

The authorised share capital is 217,000,000 ordinary shares of no par value.

On 31 December 2016 the issued share capital of the Company was 168,485,360 ordinary shares of no par value. (2015: 165,958,619 ordinary shares of no par value).

REGISTER OF SHAREHOLDERS

The register of shareholders of the company is open for inspection to members and the public, during normal office hours, at the office of the company's transfer secretaries, Link Market Services South Africa Proprietary Limited.

DIRECTORS' INTEREST IN SHARE CAPITAL

Details of the beneficial holdings of directors of the company and their families in ordinary shares are given on page 8.

CASH DIVIDEND AND CAPITALISATION SHARE ALTERNATIVE

Scrip distribution and cash dividend alternative

1. Introduction

Notice is hereby given that the Board has declared a final distribution for year ended 31 December 2016, 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, 31 March 2017.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 65 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 12:00 on Friday, 31 March 2017 ("the Cash Dividend").

The Cash Dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all Shareholders not exempt therefrom, after deduction of which the net Cash Dividend is 52 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 2017 is 168,485,360. 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, 31 March 2017 in relation to the ratio that 65 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 Friday, 10 March 2017. Where the application of this ratio gives rise to a fraction of an ordinary share, in allocations of whole ordinary shares and a cash payment for the fraction.

The applicable cash payment will be determined with reference to the VWAP of an ordinary Mpact share traded on the JSE on Wednesday, 29 March 2017, (being the day on which an ordinary Mpact share begins trading "*ex*" the entitlement to receive the Scrip Distribution or the Cash Dividend alternative), discounted by 10%.

The applicable cash payment will be announced on SENS on Thursday, 30 March 2017.

Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

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, 8 March 2017. The salient dates of events thereafter are as follows:

	2017
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 Friday, 10 March 2017, by 11:00 on	Monday, 13 March
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Friday, 10 March 2017	Tuesday, 14 March
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Tuesday, 28 March
Ordinary shares trade "*ex*" the Scrip Distribution and the Cash Dividend alternative on	Wednesday, 29 March
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the Scrip Distribution from the commencement of business on	Wednesday, 29 March
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the volume weighted average price on Wednesday, 29 March 2017, discounted by 10%	Thursday, 30 March
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12:00 on	Friday, 31 March
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	Friday, 31 March
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 3 April
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	Monday, 3 April
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	Tuesday, 4 April
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	Wednesday, 5 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 Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive.

PROPERTY, PLANT AND EQUIPMENT

Certain of the Group's properties are the subject of land claims. Mpact is in the process of discussions with the Land Claims Commissioner and awaits the outcome of claims referred to the Land Claims Court. The claims, if successful, are not expected to have a material impact on the Group's operations.

At 31 December 2016 the net investment in property, plant and equipment amounted to R3,489.0 million (2015: R3,041.2 million), details of which are set out in note 8 to the annual financial statements. Capital commitments at year-end for the Group amounted to R934.4 million (2015: R1,328.6 million). There has been no change in the nature of the property, plant and equipment or to the policy relating to the use thereof during the year.

BORROWINGS

In terms of the Memorandum of Incorporation, the directors are permitted to borrow or raise for the purposes of the Group such sums as they deem fit for the operation of the business. At the close of business on 31 December 2016, the total borrowings less cash resources was R2,001.3 million (2015: R1,592.1 million). At 31 December 2016, the Group had approved committed facilities of R2.7 billion (2015: R2.4 billion) of which R750 million expires on 22 December 2017 and will be renegotiated in 2017.

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.

DIRECTORS

The following directors have held office during the year ended 31 December 2016 and to the date of this report:

AJ Phillips *(Chairman)*	Independent Non-executive
NP Dongwana	Independent Non-executive
NB Langa-Royds	Independent Non-executive
M Makanjee	Independent Non-executive (appointed 5 September 2016)
TDA Ross	Independent Non-executive
AM Thompson	Independent Non-executive
BW Strong *(Chief Executive Officer)*	Executive
BDV Clark *(Chief Financial Officer)*	Executive

COMPANY SECRETARY

The Group company secretary of Mpact Limited Group is MN Sepuru.

4th Floor	Postnet Suite #179
3 Melrose Boulevard	Private Bag X1
Melrose Arch, 2196	Melrose Arch, 2076

AUDITORS

Deloitte & Touche are the appointed auditors to the company, with MH Holme the designated auditor.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARY COMPANIES

Notwithstanding the title of section 45 of the Companies Act, 71 of 2008, being “Loans or Other Financial Assistance to Directors” on an interpretation thereof, the body of the section also applies to financial assistance provided by the company to any related or inter-related company or corporation and a member of a related or inter-related corporation.

On 4 March 2016, all the subsidiaries of the company passed special resolutions to authorise the companies to provide any direct or indirect financial assistance, including by way of lending money, guaranteeing a loan, or other obligations as it may be required or otherwise to any of its present or future related or inter-related companies or corporations for such amounts and such terms and conditions as the Board/s may determine.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (“the committee”) operates on a Group-wide basis. The committee, in terms of the Companies Act of South Africa, and King III, has the responsibility, among other things, for monitoring the integrity of Mpact’s financial statements. It also has the responsibility for reviewing the effectiveness of the Group’s system of internal controls and risk management systems. An internal audit function has been established which is responsible for advising the Board of Directors on the effectiveness of the Group’s risk management process.

The committee oversees the relationship with the external auditors; is responsible for their appointment and remuneration; reviews the effectiveness of the external audit process; and ensures that the objectivity and independence of the external auditors is maintained.

The committee has concluded that it is satisfied that auditor independence and objectivity has been maintained.

The comprehensive report of the committee is included on pages 9 to 11.

BOARD OF DIRECTORS’ STATEMENT OF EFFECTIVENESS OF CONTROLS

Based on the recommendation of the Audit and Risk Committee, nothing has come to the attention of the Board that caused it to believe that the Group’s system of internal control and risk management is not effective, or that the internal controls do not form a sound basis for the preparation of reliable financial statements.

GOING CONCERN

The directors consider that the Group has adequate resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the consolidated financial statements. The directors have satisfied themselves that the Group is in a sound financial position, and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

The aggregate beneficial holdings as at 31 December 2016 and 31 December 2015 of the directors and prescribed officers of the company in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings between 31 December 2016 and 1 March 2017, the date of approval.

	2016		2015	
	Direct Number of shares	Indirect Number of shares	Direct Number of shares	Indirect Number of shares
Executive director				
BW Strong	**420,489**	**–**	416,668	–
BDV Clark	**–**	**18,890**	–	18,719
Non-executive director				
AJ Phillips	**8,502**	**1,448**	–	–
Prescribed officers				
RP Von Veh	**116,547**	**–**	113,553	–
HM Thompson	**296,960**	**–**	201,666	–
JW Hunt	**158,995**	**–**	134,125	–
Total	**1,001,493**	**20,338**	866,012	18,719

There are no associate interests for the above directors and prescribed officers.

INTEREST OF MAJOR SHAREHOLDERS IN SHARE CAPITAL

Major shareholders

(5% and more of the shares in issue)

	2016		2015	
	Number of shares	% of total issued share capital	Number of shares	% of total issued share capital
Visio Capital Management	**22,058,268**	**13.09**	22,516,723	13.57
Prudential Portfolio Managers	**19,674,921**	**11.68**	14,105,581	8.50
Public Investment Corporation	**19,412,239**	**11.52**	19,014,542	11.46
Allan Gray	**15,671,309**	**9.30**	10,820,395	6.52
Mazi Capital	**12,347,066**	**7.33**	9,234,551	5.56

AUDIT AND RISK COMMITTEE REPORT

31 December 2016

INTRODUCTION

The Audit and Risk Committee has pleasure in submitting its report for the year ended 31 December 2016 in compliance with section 94(7) of the Companies Act.

The Audit and Risk Committee acts for the company and all its subsidiaries, and is an independent entity accountable to the Board. It operates within a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King III.

The committee's terms of reference were approved by the Board and are reviewed annually.

COMMITTEE ACTIVITIES

The Audit and Risk Committee attended to the following during the year:

External auditors

The committee reviewed the independence of Deloitte & Touche as the Group's external auditor with MH Holme as the independent individual registered auditor who will undertake the Group's audit for the ensuing year. Before recommending the re-election of Deloitte & Touche to the Board, the committee is satisfied that Deloitte & Touche is independent.

The committee proposes the reappointment of Deloitte & Touche as external auditor and MH Holme as the independent individual registered auditor and shareholders of the company are requested to vote.

Independence of external auditors

This assessment was made after considering the following:

- Confirmation from the external auditors that they, or their immediate family, do not hold any significant direct or indirect financial interest or have any material business relationship with Mpact. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence.
- The auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Mpact.
- The auditor's independence was not impaired by the non-audit work performed having regard to the quantum of audit fees relative to the total fee based and the nature of the non-audit work undertaken.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements.
- The criteria specified for independence by the Independent Regulatory Board for Auditors.
- The audit firm and the designated auditor are accredited with the JSE.

The committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2016 financial year.

External auditors' fees

The committee:

- approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2016 financial year;
- reviewed and approved the non-audit services fees for the year under review and ensured that the fees were within limit and in line with the non-audit service policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

External auditor's performance

- Reviewed and approved the external audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable.
- Reviewed the external audit reports and management's response, considered their effect on the financial statements and internal financial control.

Financial statements

The committee reviewed the interim results and year-end financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS;
- considered the appropriateness of accounting policies and disclosures made; and
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements.

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the financial statements, nor internal financial controls and related matters.

Significant areas of judgement

The figures disclosed in the annual financial statements in certain circumstances are arrived at using judgement. These are explained in detail in the accounting policies. The committee has considered the qualitative and quantitative aspects of the information presented in the statement of financial position and other items that require significant judgement and note the following:

Goodwill

Goodwill is assessed annually for impairment. Key assumptions used are cash flow projections, growth rates and discount rates applied. The cash flow projections are approved by senior management. The discount rate is calculated using market information, taking into account the geographic and other risk factors relating to particular cash-generating unit being assessed. The committee considered the impairment test noting the assumptions used, its sensitivities and the resultant headroom. It is of the opinion that the carrying value of the goodwill is fairly stated. Refer to note 7 of the consolidated annual financial statements.

Non-recognition of section 12i allowance on property, plant and equipment

Mpact Operations Proprietary Limited, a major subsidiary of the Group, applied for S12i incentives for its Felixton project. In calculating the normal tax for the current year, the company claimed the deduction in accordance with S12i for the phase 1 assets brought into use. Due to the uncertainty of meeting the required targets at the end of the project, the company subsequently raised a provision against the S12i deduction. The targets relate to energy efficiency at the end of the project which are estimated to be completed on or about the third quarter of 2017. The committee debated the prudence applied by management and concurred that the non-recognition of the benefit of the S12i is appropriate.

Non-recognition of deferred tax assets on assessable losses

Mpact Polymers, a start-up PET recycling operation has total tax losses of R411.5 million, of which a tax loss of R146.1 million has been recognised and the balance of R265.4 million remains unrecognised. In assessing the recognition of deferred tax assets on unrecognised tax losses, future taxable profit forecasts were prepared by management. The profit forecast was calculated using assumptions and projections based on current market conditions. Mpact Polymers does not have history of operating profitability. Based on the significant judgements used in the profit forecast, management decided not to recognise a deferred tax asset on the unrecognised tax loss. The committee debated the decision with management and agreed that this is an appropriate treatment.

Internal audit

The committee:

- Reviewed and approved the existing internal audit charter, which ensures that the Group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties.
- Satisfied itself of the credibility, independence and objectivity of the internal audit function.
- Ensured that internal audit had direct access to the committee, primarily through the committee's Chairman.
- Reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable.
- Reviewed the quarterly internal audit reports, covering the effectiveness of internal control, material fraud incidents and material non-compliance with Mpact's policies and procedures. The committee is advised of all internal control developments and advised of any material losses, with none being reported during the year.
- Considered and reviewed with management and internal auditors, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken.
- The internal audit function provided a written assessment of the effectiveness of the company's system of internal controls and confirmed that based on their results of work undertaken, they provided reasonable assurance regarding adequacy and effectiveness of systems of internal control.

The committee has reviewed the independence of KPMG as the Group's internal auditor and is satisfied that KPMG is independent.

Internal financial control and compliance

The committee:

- Reviewed and approved the existing treasury policy and reviewed the quarterly treasury reports prepared by management.
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the Group.
- Reviewed the quarterly report on taxation.
- Reviewed IT reports.
- Considered and, where appropriate, made recommendations on internal financial control.
- Monitored the outsourced internal audit service provided by KPMG internal audit, risk and compliance services.

KPMG performed the internal audit for the year ended 31 December 2016 and provided a written assessment of the effectiveness of Mpact's system of internal controls. The Audit and Risk Committee considered the comments in the audit reports issued by KPMG on the audits conducted, and together with other information available from management and the year-end external audit reports, and determined that there were no material weaknesses in internal control and risk management. On this basis, the Audit and Risk Committee has made a recommendation to the Board on the effectiveness of the system of internal controls for inclusion in the directors' responsibility statement.

Risk management

Management is regularly developing and enhancing the Group's risk and control procedures to improve the mechanisms for identifying, assessing and monitoring risks given that effective risk management is integral to the Group's objective of consistently adding value to the business. The Board approves strategies and budgets and monitors progress against the budget. It also considers the identified business risks.

Risk management is addressed in the areas of physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

The Group has implemented several policies and procedures to manage its governance, operations and information systems with regard to the:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contracts.

Risks are periodically reviewed and updated on a regular basis. The committee reviewed and approved the risk ratings and the risk appetite and tolerance tables for recommendation to the Board.

The Risk Management Review is available on the website, www.mpact.co.za.

Combined assurance

During the year under review, a combined assurance map was developed by management in collaboration with internal audit and external audit. The mapping was compiled to help understand the level of coverage achieved by each assurance provider in terms of the third level of defence in the Combined Assurance Model. The committee further approved the Integrated Risk Assurance Framework which covered the innovative and strategic approach to governance while integrating the company value drivers with risk and opportunity register.

INTEGRATED REPORT

The committee fulfils an oversight role regarding our report and the reporting process. Accordingly, it has:

- considered the Integrated Report and has assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, and for consistency with the annual financial statements. The committee is satisfied that the Integrated Report is materially accurate, complete and reliable and consistent with the annual financial statements; and
- the committee has, at its meeting held on 23 February 2017, recommended the Integrated Report for the year ended 31 December 2016 to the Board for approval.

GOVERNANCE

The Board has assigned oversight of the risk management function to the committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

In line with the terms of the JSE Listings Requirements, the committee is satisfied that Brett Clark has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE.

The committee is satisfied:

- that the resources within the finance function are adequate to provide the necessary support to the CFO; and
- with the expertise and experience of the Group Financial Manager.

In making these assessments, the committee has obtained feedback from the external and internal auditors.

Based on the processes and assurances obtained, the committee believes that the accounting practices are effective.

Tim Ross
Audit and Risk Committee Chairman

1 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Notes	2016 R'm	2015 R'm
Revenue		**10,098.6**	9,547.7
Cost of sales		**(6,281.4)**	(5,883.0)
Gross margin		**3,817.2**	3,664.7
Administration and other operating expenses		**(2,566.9)**	(2,345.7)
Depreciation, amortisation and impairments		**(504.0)**	(410.0)
Operating profit	3	**746.3**	909.0
Share of profit from equity accounted investees	9	**16.2**	13.0
Profit on sale of equity accounted investees		**0.8**	0.2
Total profit from operations and equity accounted investees		**763.3**	922.2
Net finance costs	4	**(191.0)**	(132.0)
Investment income		**18.4**	8.7
Finance costs		**(209.4)**	(140.7)
Fair value gain	18	**7.2**	–
Profit before taxation		**579.5**	790.2
Income tax expense	5	**(182.7)**	(172.4)
Profit for the year		**396.8**	617.8
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains on post-retirement benefit scheme		**3.6**	6.7
Tax effect		**(1.0)**	(1.9)
Items that may be reclassified subsequently to profit or loss			
Effects of cash flow hedges		**(18.3)**	8.1
Tax effect		**5.1**	(2.3)
Exchange differences on translation of foreign operations		**(5.6)**	7.5
Other comprehensive income for the financial year net of tax		**(16.2)**	18.1
Total comprehensive income for the year		**380.6**	635.9
Attributable to:			
Non-controlling interests in subsidiaries		**6.3**	14.6
Equity holders of Mpact		**374.3**	621.3
		380.6	635.9
Profit for the year		**396.8**	617.8
Attributable to:			
Non-controlling interests in subsidiaries		**5.7**	15.3
Equity holders of Mpact		**391.1**	602.5
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	6	**234.6**	366.9
Diluted EPS (cents)	6	**234.0**	363.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	2016 R'm	2015 R'm
Goodwill and other intangible assets	7	**1,126.1**	1,066.5
Property, plant and equipment	8	**3,489.0**	3,041.2
Investments in equity accounted investees	9	**102.1**	90.5
Financial asset investments	10	**41.5**	24.6
Deferred tax assets	21	**4.9**	15.3
Derivative financial instruments	14	**–**	13.9
Non-current assets		**4,763.6**	4,252.0
Inventories	11	**1,393.2**	1,275.0
Trade and other receivables	12	**2,103.1**	2,013.2
Cash and cash equivalents	13	**405.7**	508.9
Derivative financial instruments	14	**2.9**	15.1
Current tax receivable		**30.9**	5.0
Disposal group asset	27	**12.8**	–
Current assets		**3,948.6**	3,817.2
Total assets		**8,712.2**	8,069.2
Short-term borrowings	15	**990.0**	770.0
Trade and other payables	16	**1,772.1**	1,855.6
Current tax liabilities		**3.3**	4.0
Provisions	17	**5.1**	3.6
Other current liabilities	18	**51.8**	4.6
Derivative financial instruments	14	**8.6**	7.0
Deferred income	23	**5.5**	5.5
Disposal group liability	27	**10.7**	–
Current liabilities		**2,847.1**	2,650.3
Non-current borrowings	19	**1,417.0**	1,331.0
Retirement benefits obligation	20	**51.6**	53.0
Deferred tax liabilities	21	**342.5**	266.8
Other non-current liabilities	22	**–**	21.7
Deferred income	23	**29.0**	34.6
Derivative financial instruments	14	**4.4**	–
Non-current liabilities		**1,844.5**	1,707.1
Total liabilities		**4,691.6**	4,357.4
Stated capital	24	**2,532.7**	2,426.2
Retained earnings		**1,346.3**	1,170.8
Other reserves		**28.3**	7.8
Total attributable to equity holders of Mpact		**3,907.3**	3,604.8
Non-controlling interests in subsidiaries		**113.3**	107.0
Total equity		**4,020.6**	3,711.8
Total equity and liabilities		**8,712.2**	8,069.2

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Notes	2016 R'm	2015 R'm
Cash flows from operating activities			
Operating cash flows before movements in working capital		1,275.6	1,321.7
Net increase in working capital		(288.9)	(235.2)
Cash generated from operations	28a	986.7	1,086.5
Dividends from equity accounted investees		5.6	12.5
Taxation paid		(142.3)	(115.5)
Net cash inflows from operating activities		850.0	983.5
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	26	(89.8)	–
Additions to property, plant and equipment and other intangibles	7/8	(836.5)	(979.2)
Government grant received		–	31.1
Proceeds from the disposal of property, plant and equipment		8.7	5.1
Proceeds from disposal of associates		1.0	0.4
Loan repayments from/(advances to) external parties		3.6	(4.7)
Interest received		18.4	8.7
Acquisition of non-controlling interest in a subsidiary		–	(1.4)
Financial asset investment		(20.5)	–
Net cash outflows from investing activities		(915.1)	(940.0)
Cash flows from financing activities			
Borrowings raised		307.4	253.9
Finance costs paid		(212.7)	(170.5)
Dividends paid to non-controlling interests		(6.3)	(4.1)
Dividends paid to equity holders of Mpact Limited Group		(76.5)	(75.8)
Purchase of treasury shares		(25.0)	(73.5)
Repayment of other non-current liabilities		–	3.2
Payment of deferred settlement charge		(4.6)	(4.6)
Net cash outflows from financing activities		(17.7)	(71.4)
Net decrease in cash and cash equivalents		(82.8)	(27.9)
Cash and cash equivalents at beginning of year		482.8	510.7
Cash and cash equivalents at end of year	28b	400.0	482.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Stated capital R'm	Share-based payment reserve R'm	Cash flow hedge reserve R'm	Post-retirement benefit reserve R'm	Other reserves[1] R'm	Treasury shares R'm	Retained earnings R'm	Total attributable to equity holders of Mpact Limited R'm	Non-controlling interests R'm	Total equity R'm
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 a subsidiary	–	–	–	–	–	–	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
Total comprehensive income for the year	–	–	(13.2)	2.6	(6.2)	–	391.1	374.3	6.3	380.6
Dividends paid[2]	106.5	–	–	–	–	(0.6)	(182.4)	(76.5)	–	(76.5)
Purchase of treasury shares[3]	–	–	–	–	–	(25.0)	–	(25.0)	–	(25.0)
Share plan charges for the year	–	23.1	–	–	–	–	–	23.1	–	23.1
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(6.3)	(6.3)
Issue/exercise of shares under employee share scheme	–	(19.5)	–	–	–	59.3	(28.6)	11.2	–	11.2
Increase in shareholding in a subsidiary[4]	–	–	–	–	–	–	–	–	6.3	6.3
Deferred settlement charge	–	–	–	–	–	–	(4.6)	(4.6)	–	(4.6)
Balance at 31 December 2016	**2,532.7**	**37.4**	**(3.2)**	**15.3**	**8.7**	**(29.9)**	**1,346.3**	**3,907.3**	**113.3**	**4,020.6**

1 Other reserves consist of the put option to equity holder reserve and the foreign currency translation reserve.

2 Dividends declared amounted to R182.4 million (2015: R157.1 million) of which R106.5 million (2015: R82.1 million) related to a capitalisation issue (see note 24).

3 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 incentive scheme. As at 31 December 2016, there are 845,692 (2015: 1,457,388) treasury shares on hand.

4 In the current year a subsidiary company had a capitalisation issue, whereby the minority shareholder subscribed for additional shares in a group subsidiary.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2016

1. ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited's Listings Requirements, and the requirements of the Companies Act, 71 of 2008. The financial statements have been prepared on the historical cost basis, except for derivative financial instruments, financial instruments at fair value through profit or loss and available for sale financial assets. The financial statements have been prepared on a going concern basis.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted to the annual financial statements.

Segmental reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee, being the chief operating decision-making body.

The Group organises the business in the following operating segments:

- Plastics
- Paper manufacturing
- Recycling
- Corrugated

The recycling, corrugated and paper manufacturing divisions have been aggregated into one reporting segment on the basis of similar economic characteristics.

Basis of consolidation

Subsidiary undertakings

The consolidated financial statements incorporate the assets, liabilities, equity, revenues, expenses and cash flows of Mpact Limited, and of its respective subsidiary undertakings drawn up to 31 December each year. All intra-group balances, transactions, income and expenses are eliminated. Subsidiary undertakings are those entities over which the Group has the power, directly or indirectly, to govern operating and financial policy in order to obtain economic benefits.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statement of comprehensive income from the effective date of acquiring control or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into alignment with those used by the Group.

The interest of non-controlling interests is measured, at initial recognition, as the non-controlling proportion of the fair values of the assets and liabilities recognised at acquisition, except for those instances where the Group elects to measure the non-controlling interests at fair value in accordance with the allowance provided in IFRS 3: *"Business Combinations"*.

After initial recognition non-controlling interests are measured as the aggregate of the value at initial recognition and their subsequent proportionate share of profits and losses.

Investees

Investees are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically, the Group owns between 20% and 50% of the voting equity of its investees. Investments in investees are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of investees net income, presented net of tax, is based on financial statements drawn up to reporting dates that are either coterminous with that of the Group or no more than three months prior to that date. Where reporting dates are not coterminous, adjustments are made to an investees net income for the effects of significant transactions or events that occur after the investee's reporting date up to the reporting date of the Group.

The total carrying values of investments in investees represent the cost of each investment including the carrying value of goodwill, the share of post-acquisition retained earnings, any other movements in reserves and any long-term debt interests which in substance form part of the Group's net investment in that entity. The carrying values of investees are reviewed on a regular basis and if an impairment has occurred, it is written off in the year in which those circumstances arose. The Group's share of an investees losses in excess of its interest in that investees is not recognised unless the Group has an obligation to fund such losses.

Revenue recognition

Sale of goods

Revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when the significant risks and rewards of ownership have been transferred. This is when title and insurance risk has passed to the customer, and the goods have been delivered to a contractually agreed location.

Cost of sales

Cost of sales are the amount of inventories expensed during the year in the normal course of business. Included within cost of sales are deemed finance charges that were incurred by utilising the credit facilities provided by trade creditors using normal payment terms. The amounts recognised as deemed finance charges are determined as the difference between the amount on the transactions date adjusted for the effects of the time value of money and the current paid to trade creditors.

Business combinations and goodwill arising thereon

Identifiable net assets

At the date of acquisition the identifiable assets, liabilities and contingent liabilities of a subsidiary or an associate are recorded at their fair values on acquisition date. Assets and liabilities, which cannot be measured reliably, are recorded at provisional fair values which are finalised within 12 months of the acquisition date.

Cost of a business combination

The cost of a business combination includes the fair value of assets provided, liabilities incurred or assumed, and any equity instruments issued by a group entity, in exchange for control of an acquiree. The directly attributable costs associated with a business combination are expensed as incurred.

Goodwill

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is attributed to goodwill. Goodwill is subsequently measured at cost less any accumulated impairment losses.

Goodwill in respect of subsidiaries is included within intangible assets. Goodwill relating to associates is included within the carrying value of associates.

Where the fair values of the identifiable net assets acquired exceed the cost of the acquisition, the surplus, which represents the discount on the acquisition (bargain purchase), is credited to the statement of comprehensive income in the year of acquisition.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the Group of cash-generating units that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored by the Board for internal management purposes. The recoverable amount of the Group of cash-generating units to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when such events or changes in circumstances indicate that it may be impaired.

Any impairment is recognised in the consolidated statement of comprehensive income. Impairments of goodwill are not subsequently reversed.

Non-current, non-financial assets excluding goodwill, deferred tax and retirement benefit surplus

Property, plant and equipment

Property, plant and equipment comprise land and buildings, property, plant and equipment and assets in the course of construction.

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes all costs incurred in bringing the assets to the location and condition for their intended use and includes borrowing costs incurred up to the date of commissioning.

Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, and assets in the course of construction, over their estimated useful lives to their estimated residual values.

Assets in the course of construction are carried at cost, less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings, plant and equipment, and other assets are depreciated to their residual values at varying rates, on a straight-line basis over their estimated useful lives. Estimated useful lives range from three years to 20 years for items of plant and equipment and to a maximum of 50 years for buildings.

Residual values and useful lives are reviewed at least annually.

Assets held under finance leases are capitalised at the lower of cash cost and the present value of minimum lease payments at the inception of the lease. These assets are depreciated over the shorter of the lease term and the expected useful lives of the assets.

1. ACCOUNTING POLICIES continued

Other intangibles and research and development expenditure

Other intangibles are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Estimated useful lives vary between three years and 10 years and are reviewed at least annually.

Research expenditure is written off in the year in which it is incurred. Development costs are reviewed annually and are recorded as an expense if they do not qualify for capitalisation. Development costs are capitalised when the completion of the asset is both commercially and technically feasible and is amortised on a systematic basis over the economic life of the related development.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of the asset, or cash-generating unit, is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows generated by the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to its recoverable amount. An impairment is recognised as an expense in the statement of comprehensive income. Where the underlying circumstances change such that a previously recognised impairment subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount. Such reversal is limited to the carrying amount that would have been determined had no impairment been recognised for the asset, or cash-generating unit, in prior years. A reversal of an impairment is recognised in the statement of comprehensive income.

Current non-financial assets

Inventory

Inventory and work-in-progress are valued at the lower of cost and net realisable value. Cost is determined on the first-in first-out or weighted average cost basis as appropriate. Cost comprises direct materials and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is defined as the selling price less any estimated costs to sell.

Retirement benefits

The Group operates defined contribution plans for its employees, as well as post-retirement medical plans.

Defined contribution plans

For defined contribution plans, the amount charged to the statement of comprehensive income is the contributions paid or payable during the year.

Post-retirement medical plans

For post-retirement medical plans, actuarial valuations are performed for each financial year-end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds or similar government bonds of a suitable duration and currency.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in other comprehensive income and accumulated in equity. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to underlying operating profit. The expected return on plan assets and the expected increase during the year in the present value of plan liabilities are included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested or is amortised on a straight-line basis over the period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset (retirement benefit surplus) resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the relevant group schemes.

Tax

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

Current tax

The current tax payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. This tax is not attributable to the company, but is collected by the company and paid to the tax authorities on behalf of the shareholders.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating leases

Rental costs under operating leases are charged to the statement of comprehensive income in equal annual amounts over the lease term.

Finance leases

Assets held under finance leases are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments derived by discounting at the interest rate implicit in the lease. The interest element of the rental is recognised as a finance charge in the statement of comprehensive income, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's policy on borrowing costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, which it will be required to settle. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Restoration and environmental costs

An obligation to incur restoration and environmental costs arises when environmental disturbance is caused by the ongoing production of a plant or landfill site. Costs for restoration of site damage are provided for at their present values and charged against profit or loss as the obligation arises.

Government grants

Government grants are recognised when the right to receive such grants is established and are treated as deferred income. They are released to statement of comprehensive income on a systematic basis, either over the expected useful lives of the assets for which they are provided, or over the periods necessary to match them with the related costs which they are intended to compensate.

Foreign currency transactions and translation

Foreign currency transactions

Foreign currency transactions are recorded in their functional currencies at the exchange rates ruling on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising on translation are included in the statement of other comprehensive income for the year and are classified as either operating or financing depending on the nature of the monetary items giving rise to them.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 December 2016

1. ACCOUNTING POLICIES continued

Translation of foreign operations

The Group results are presented in Rands (the Group's functional and presentation currency), the currency in which most of its business is conducted. On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the year where these approximate the rates at the dates of transactions. Exchange differences arising, if any, are recognised directly in other comprehensive income, and accumulated in equity. Such translation differences are reclassified from profit or loss only on disposal or partial disposal of the foreign operation.

Share-based payments

The Group participates in a number of equity settled, share-based compensation. The fair value of the employee services received in exchange for the grant of share awards is recognised concurrently as an expense and an adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards granted, as adjusted for market performance conditions and non-vesting conditions where applicable. Vesting conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of share awards that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Financial instruments

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial asset investments

Investments, other than investments in subsidiaries and associates, are either classified as available-for-sale or loans and receivables.

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position. Cash and cash equivalents in the statement of cash flows and in the presentation of net debt are reflected net of overdrafts.

Trade receivables

Trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less allowance for any impairment as appropriate.

Trade payables

Trade payables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method.

Borrowings

Interest-bearing loans and overdrafts are initially recognised at fair value, net of direct transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the term of the borrowings using the effective interest rate method.

Borrowing costs

Interest on borrowings directly relating to the acquisition, construction and production of qualifying assets is capitalised until such time as the assets are substantially ready for their intended role or sale; where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the construction period.

Derivative financial instruments and hedge accounting

The Group enters into forward, option and swap contracts in order to hedge its exposure to foreign exchange, interest rate and commodity price risk. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and subsequently held at fair value in the statement of financial position within "derivative financial instruments", and, when designated as hedges, are classified as current or non-current depending on the maturity of the derivative. Derivatives that are not designated as hedges are classified as current, even when their actual maturity is expected to be greater than one year.

Changes in the fair value of any derivative instruments that are not formally designated in hedge relationships are recognised immediately in the statement of comprehensive income and are classified within “Operating profit” or “Net finance costs” depending on the type of risk the derivative relates to.

Cash flow hedges

The effective portion of changes in the fair value of derivative financial instruments that are designated as hedges of future cash flows are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. If the cash flow hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in the Group’s cash flow hedge reserve in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or non-financial liability, amounts deferred in the Group’s cash flow hedge reserve in equity are recognised in the statement of comprehensive income in the same period in which the hedged item affects profit or loss on a proportionate basis.

Fair value hedges

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the statement of comprehensive income. Gains or losses from remeasuring the associated derivative are also recognised in the statement of comprehensive income.

Ineffective, expired, sold, terminated or exercised hedging instruments

Hedge accounting is discontinued when the hedging relationship is revoked or hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity until the forecast transaction is ultimately recognised in the statement of comprehensive income. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss deferred in equity is included immediately in the statement of comprehensive income.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the statement of comprehensive income.

Equity instruments and dividend payments

Equity instruments

An equity instrument is any contract which evidences a residual interest in the net assets of an entity.

Repurchase of the company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the company’s own equity instruments.

Dividend payments

Dividend distributions to the company’s ordinary equity holders are recognised as a liability in the period in which the dividends are declared and approved. Final dividends are accrued when approved by the Board.

Special items

Special items are those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying financial performance achieved by the Group and its businesses. Such items are material by nature or amount to the financial year’s results.

Earnings per share (EPS)

Basic EPS

Basic EPS is calculated by dividing net profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year. For this purpose, net profit is defined as the profit after tax and special items attributable to equity holders of the parent company.

Diluted EPS

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as share awards granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease EPS. The effect of anti-dilutive potential shares is excluded from the calculation of diluted EPS.

Underlying and headline EPS

Underlying EPS excludes the impact of special items and is a non-IFRS measure. It is included to provide an additional basis on which to measure the Group’s earnings performance. The presentation of headline EPS is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 2/2015, “Headline Earnings”, as issued by the South African Institute of Chartered Accountants.

1. ACCOUNTING POLICIES continued

New accounting policies, early adoption and future requirements

Standards and Interpretations early adopted by the Group

There were no Standards or Interpretations early adopted by the Group in the current year.

Standards, amendments to published Standards and Interpretations effective during 2016

The Group has adopted the following Standards, amendments to published Standards and Interpretations during the current year, which had no significant impact on the Group's results:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint arrangements
IFRS 12 – Disclosure of interests in other entities
IFRS 5 – Non-current assets held for sale and discontinued operations
IFRS 7 – Financial instruments disclosures
IAS 1 – Presentation of Financial Statements
IAS 16 – Property, plant and equipment
IAS 19 – Employee benefits
IAS 27 – Separate Financial Statements
IAS 28 – Investments in associates and joint ventures
IAS 32 – Intangible assets

Standards and amendments to published Standards that are not yet effective and have not been early adopted by the Group

The following Standards and amendments to published Standards, are not yet effective. The impact on the Group's results in the first year of adoption will be assessed prior to adoption:

IFRS 2	– Share-based payment	(Effective 1 January 2018)
IFRS 9	– Financial Instruments	(Effective 1 January 2018)
IFRS 15	– Revenue from contracts with customers	(Effective 1 January 2018)
IFRS 4	– Insurance contracts	(Effective 1 January 2018)
IAS 7	– Statement of cash flows	(Effective 1 January 2017)
IAS 12	– Income taxes	(Effective 1 January 2017)
IAS 40	– Investment property	(Effective 1 January 2018)
IFRS 12	– Disclosure of interest on other entities	(Effective 1 January 2017)
IFRS 13	– Fair value measurement	(Effective 1 January 2017)
IFRS 16	– Leases	(Effective 1 January 2019)
IFRIC 22	– Foreign currency transactions and advance considerations	(Effective 1 January 2018)

Accounting estimates and critical judgements

The preparation of the Group's financial statements includes the use of estimates and assumptions which affect certain items reported in the statement of financial position and the statement of comprehensive income. The disclosure of contingent assets and liabilities is also affected by the use of estimation techniques. Although the estimates used are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next financial year are discussed below.

Estimated residual values and useful economic lives

The carrying values of certain tangible fixed assets are sensitive to assumptions relating to projected residual values and useful economic lives, which determine the depreciable amount and the rate at which capital expenditure is depreciated respectively. The Group reassesses these assumptions at least annually or more often if there are indications that they require revision. Estimated residual values are based on available secondary market prices as at the reporting date, unless estimated to be zero. Useful economic lives are based on the expected usage, wear and tear, technical or commercial obsolescence and legal limits on the usage of capital assets.

The Group assesses annually whether goodwill and tangible fixed assets have suffered any impairment, in accordance with the stated Group accounting policy. The recoverable amounts of goodwill allocated to cash-generating units and tangible fixed assets are determined based on value-in-use calculations, which require the exercise of management's judgement across a limited range of input assumptions and estimates. The principal assumptions used relate to the time value of money and expected future cash flows.

The Group assesses annually whether there are any indications that items of property, plant and equipment, including assets in the course of construction, have suffered any impairment. Indications of impairment are inherently judgemental and may require management to assess both internal and external sources of information.

Deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that taxable profits will be available in the future, against which the deductible temporary differences can be utilised. Management therefore exercises judgement in assessing the future financial performance of the particular entity or tax group in which the deferred tax asset is to be recognised.

Post-retirement healthcare

The determination of the Group's obligation for post-retirement healthcare liabilities, depends on the selection of certain assumptions used by actuaries to calculate amounts. These assumptions include, among other, the discount rate, healthcare inflation costs, rates of increase in compensation costs and the number of employees who reach retirement age. Whilst the Group believes that these assumptions are appropriate, significant changes in the assumptions may materially affect post-retirement obligation as well as future expenses, which may result in an impact on earnings in the periods that the changes in assumptions occur.

Share-based payment charges

The Group issues equity settled share-based payments to employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity settled share-based payments is expensed as services are rendered over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The share payment expense relating to the awards of performance shares to the Group's executive directors and selected employees is based on the achievement of financial and service conditions. The probability of these conditions being achieved is estimated using an option pricing model.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

Significant valuation issues are reported to the Group's Audit Committee.

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 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation of financial instruments

The fair value of financial instruments, excluding derivative instruments, not traded in active, liquid and organised financial markets is determined using a variety of valuation methods and assumptions that are based on market conditions and risks existing at the reporting date, including independent appraisals and discounted cash flow methods.

Provision for doubtful debts

Management assesses the recoverability of trade receivables on an individual basis at the end of each reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
CONTINUED

for the year ended 31 December 2016

2. OPERATING SEGMENTS

Identification of the Group's externally reportable operating segments

The Group's externally reportable segments reflect the internal reporting structure of the Group, which is the basis on which resource allocation decisions are made by management in the attainment of strategic objectives.

Product revenues

The material product types from which the Group's externally reportable segments derive both their internal and external revenues are presented as follows:

Operating segments	Internal revenues[1]	External revenues
Paper	Corrugated and paper board products	Corrugated and paper board products
Plastics	Plastic packaging products	Plastic packaging products
Corporate	N/A	N/A

1 The Group operates a vertically-integrated structure in order to benefit from economies of scale and to more effectively manage the risk of adverse price movements in key input costs. Internal revenues are therefore generated across the supply chain.

Measurement of operating segment revenues, profit or loss, assets and non-current non-financial assets

Management has regard to certain operating segment measures in making resource allocation decisions and monitoring segment performance. The operating segment measures required to be disclosed under IFRS 8 adhere to the recognition and measurement criteria presented in the Group's accounting policies. All intra-group transactions are conducted on an arm's length basis.

The Group's measure of net segment assets includes the allocation of retirement benefits surpluses and deficits on an appropriate basis. In addition, the Group's measure of net segment assets does not include an allocation for derivative assets and liabilities, non-operating receivables and payables and assets held for sale and associated liabilities. The measure of segment results, however, includes the effects of certain movements in these unallocated balances.

Operating segment revenue

	2016			2015		
	Segment revenue R'm	Internal revenue[1] R'm	External revenue R'm	Segment revenue R'm	Internal revenue[1] R'm	External revenue R'm
Paper	**7,425.0**	**(78.5)**	**7,346.5**	7,060.1	(45.8)	7,014.3
Plastics	**2,752.1**	**–**	**2,752.1**	2,533.4	–	2,533.4
Segments total	**10,177.1**	**(78.5)**	**10,098.6**	9,593.5	(45.8)	9,547.7

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

	2016 R'm	2015 R'm
External revenue by product type		
Products		
Corrugated and paper board products	**7,346.5**	7,014.3
Plastic packaging products	**2,752.1**	2,533.4
Total	**10,098.6**	9,547.7
External revenue by location of customer		
South Africa (country of domicile)	**9,099.8**	8,618.6
Rest of Africa	**916.0**	877.7
Rest of world	**82.8**	51.4
Total	**10,098.6**	9,547.7

There are no external customers which account for more than 10% of the Group's total external revenue.

	2016 R'm	2015 R'm
Operating segment underlying operating profit/(loss)		
Paper	664.1	802.7
Plastics	168.4	199.0
Corporate	(48.1)	(92.7)
Segments total before special items	784.4	909.0
Special items[1]	(38.1)	–
Share of profit from equity accounted investees (see note 9)	16.2	13.0
Net finance costs (see note 4)	(191.0)	(132.0)
Fair value gain	7.2	–
Profit on sale of equity accounted investee	0.8	0.2
Profit before tax	579.5	790.2
Significant components of operating profit		
Depreciation, amortisation and impairment		
Paper	272.7	233.6
Plastics	209.8	157.4
Corporate	21.5	19.0
Segments total	504.0	410.0
Operating segment assets		
Segment assets[2]		
Paper	4,763.5	4,247.4
Plastics	2,009.2	1,858.7
Corporate	1,244.2	1,184.8
Inter-segment elimination	(20.9)	(6.4)
Segment total	7,996.0	7,284.5
Unallocated:		
Investments in equity accounted investees	102.1	90.5
Deferred tax assets	4.9	15.3
Other non-operating assets[3]	149.2	145.4
Non-current assets held for sale	12.8	–
Trading assets	8,265.0	7,535.7
Financial asset investments	41.5	24.6
Cash and cash equivalents	405.7	508.9
Total assets	8,712.2	8,069.2
Non-current non-financial assets[4]		
South Africa (country of domicile)	4,525.3	4,004.1
Rest of Africa	89.8	103.6
Total	4,615.1	4,107.7
Additions to non-current non-financial assets[5]		
Paper	531.2	500.6
Plastics	279.5	400.2
Corporate	25.1	78.4
Segments total	835.8	979.2

1 *Special items include impairment charged on property, plant and equipment of R15.9 million (2015: Rnil), and restructure costs of R22.2 million (2015: Rnil).*

2 *Segment assets are operating assets and as at 31 December 2016 consist of property, plant and equipment of R3,489.0 million (2015: 3,041.2 million), goodwill and other intangible assets of R1,126.1 million (2015: R1,066.5 million). Inventories of R1,393.2 million (2015: R1,275.0 million) and operating receivables of R1,987.7 million (2015: R1,901.8 million).*

3 *Other non-operating assets consist of derivative assets of R2.9 million (2015: R29.0 million), other non-operating receivables of R115.4 million (2015: R111.4 million) and current tax receivable of R30.9 million (2015: R5.0 million).*

4 *Non-current non-financial assets consist of property, plant and equipment and goodwill and other intangible assets, but excludes retirement benefits surplus, deferred tax assets and non-current financial assets.*

5 *Additions to non-current non-financial assets reflect cash payments and accruals in respect of additions to property, plant and equipment and intangible assets. Additions to non-current non-financial assets, however, exclude additions to deferred tax assets, retirement benefits surplus and non-current financial assets.*

	2016 R'm	2015 R'm
3. OPERATING PROFIT		
Operating profit for the year has been arrived at after charging/(crediting):		
Impairment charge of property, plant and equipment (see note 8)	**15.9**	–
Depreciation of property, plant and equipment (see note 8)	**476.2**	400.1
Amortisation of intangibles (see note 7)	**11.9**	9.9
Rentals under operating leases	**125.0**	131.6
Net foreign currency losses/(gains)	**35.6**	(6.8)
Profit on disposal of tangible assets	**(1.1)**	(2.4)
Auditors' remuneration	**10.7**	9.8
Audit fees		
– current	**10.3**	9.3
– prior	**0.1**	0.2
Non-audit fees	**0.3**	0.3
Staff costs (excluding directors' emoluments)	**1,567.7**	1,451.8
Executive directors' emoluments (excluding value of deferred bonus shares awarded)[1]	**13.5**	12.9

Notional interest income and interest expenses included in revenue and cost of sales, resulting from the discounting of receivables and payables for the year are R206.3 million (2015: R197.1 million) and R114.0 million (2015: R100.1 million) respectively. The notional finance cost of R114.0 million (2015: R100.1 million) in addition to the finance cost of R209.4 million (2015: R140.7 million) would total R323.4 million (2015: R240.8 million).

1 The details of the executive directors' emoluments are disclosed in note 37.

	Group	
	2016 R'm	2015 R'm
4. NET FINANCE COSTS		
Investment income		
Bank deposits and loan receivables	**15.0**	6.7
Other	**3.4**	2.0
Total investment income	**18.4**	8.7
Finance costs		
Interest on bank overdrafts and loans	**(214.1)**	(162.8)
Interest on defined benefit arrangements (see note 20)	**(5.6)**	(4.7)
Interest capitalised to qualifying assets[1] (see note 8)	**10.3**	26.8
Total interest expense	**(209.4)**	(140.7)
Net finance costs	**(191.0)**	(132.0)

1 The weighted average capitalisation rate on funds borrowed generally is 8.0% per annum (2015: 7.6%).

	2016 R'm	2015 R'm
5. TAX CHARGE		
Analysis of tax charge for the year		
South African corporate tax		
– current year	**120.8**	109.3
– prior year	**(4.5)**	4.7
Other country tax	**1.0**	0.1
Current tax	**117.3**	114.1
Deferred tax in respect of the current year	**73.4**	59.8
Deferred tax in respect of prior year	**(8.0)**	(1.5)
Total tax charge	**182.7**	172.4

Factors affecting tax charge for the year

The Group effective rate of tax for the year ended 31 December 2016, calculated on profit before tax and including net income from investees is 31.5% (2015: 21.8%).

The Group has estimated tax losses of R188.0 million (2015: R152.5 million) on which a deferred tax asset of R52.6 million (2015: R42.7 million) has been raised.

The Group total tax charge for the year can be reconciled to the tax on the Group's profit before tax at the South African corporation tax rate of 28% as follows:

	2016 R'm	2015 R'm
Profit before tax	**579.5**	790.2
Less share of profit of equity accounted investees	**(16.2)**	(13.0)
Profit before tax, adjusted for equity accounted profit	**563.3**	777.2
Tax on profit before tax calculated at the South African corporation tax rate of 28%	**157.7**	217.6
Tax effects of:		
Expenses not deductible for tax purposes		
Non-qualifying depreciation	**0.7**	0.6
Subscription and donations	**0.3**	0.3
Other non-deductible expenses	**0.2**	3.9
Legal and professional costs	**1.6**	5.6
Non-deductible interest	**0.6**	1.1
Non-taxable income		
Non-taxable foreign exchange differences	**(0.5)**	(0.1)
Government grant deductions	**(14.2)**	–
Other non-taxable income	**(4.2)**	(1.0)
Temporary difference adjustments		
Unrecognised tax losses and other temporary differences	**41.0**	(50.0)
Effect of difference between South African corporate tax rate and other country tax rate	**1.2**	0.5
Prior year adjustment current tax	**(4.5)**	(4.7)
Other adjustments	**2.8**	(1.4)
Tax charge for the year	**182.7**	172.4

Income from equity accounted investees is presented net of tax on the face of the statement of comprehensive income. The Group's share of its investees' tax is therefore not presented within the Group's total tax charge. The investees' tax charge included within "Share of investees" profit for the year ended 31 December 2016 is R5.7 million (2015: R5.7 million).

6. EARNINGS PER SHARE

	Cents per share	
	2016	2015
Earnings per share (EPS)		
Basic EPS	**234.6**	366.9
Diluted EPS	**234.0**	363.3
Headline earnings per share for the financial year[1]		
Basic headline EPS	**242.0**	365.8
Diluted headline EPS	**241.4**	362.2
Underlying earnings per share for the financial year[2]		
Basic underlying EPS	**252.7**	366.9
Diluted underlying EPS	**252.0**	363.3

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:

	Earnings	
	2016 R'm	2015 R'm
Profit for the financial year attributable to equity holders of Mpact	**391.1**	602.5
Impairment of tangible assets (see note 3)	**15.9**	–
Profit on sale of equity accounted investees	**(0.8)**	(0.2)
Profit on disposal of tangible assets (see note 3)	**(1.1)**	(2.4)
Related tax	**(1.6)**	0.8
Headline earnings for the financial year	**403.5**	600.7

6. EARNINGS PER SHARE continued

	Weighted number of shares	
	2016	2015
Weighted average number of ordinary shares in issue	**166,734,753**	164,218,439
Effect of dilutive potential ordinary shares[1]	**436,392**	1,626,716
Diluted number of ordinary shares in issue	**167,171,145**	165,845,155

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.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill R'm	Other intangibles[1] R'm	Total R'm
2016			
Cost			
At 1 January	**1,023.0**	**256.1**	**1,279.1**
Acquisition of business (see note 26)	**23.9**	**47.0**	**70.9**
Additions	**–**	**0.6**	**0.6**
At 31 December 2016	**1,046.9**	**303.7**	**1,350.6**
Accumulated amortisation and impairment			
At 1 January	**–**	**212.6**	**212.6**
Charge for the year	**–**	**11.9**	**11.9**
At 31 December 2016	**–**	**224.5**	**224.5**
Net book value at 31 December 2016	**1,046.9**	**79.2**	**1,126.1**
2015			
Cost			
At 1 January	1,023.3	257.0	1,280.3
Reclassification	(0.3)	(0.9)	(1.2)
At 31 December 2015	1,023.0	256.1	1,279.1
Accumulated amortisation and impairment			
At 1 January	0.3	203.6	203.9
Charge for the year	–	9.9	9.9
Reclassification	(0.3)	(0.9)	(1.2)
At 31 December 2015	–	212.6	212.6
Net book value at 31 December 2015	1,023.0	43.5	1,066.5

1 Other intangibles mainly relate to software development costs; customer relationships and contractual arrangements capitalised as a result of business combinations.

Goodwill is allocated for impairment testing purposes to cash-generating units (CGU's) which reflect how it is monitored for internal management purposes, in October each year.

The recoverable amount of a CGU is determined based on value-in-use calculations. Value-in-use calculations use cash flow projections based on financial budgets covering a five-year period that are based on latest forecasts for revenue and cost as approved by the Board. Cash flow projections beyond three years are based on internal management forecasts and assume a growth rate not exceeding Consumer Price Index. Post-tax cash flow projections are discounted using a post-tax weighted average cost to capital rate adjusted by the economic and political risks in South Africa that are not reflected in the underlying cash flows. Perpetuity maintenance capital expenditure has been assumed at 100% of depreciation.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as prices, discount rates, currency exchange rates, estimates of production costs and future capital expenditure. In respect of the CGU's a sensitivity analyses of a 1% increase in discount rate or a 1% decrease in cash flows were performed and these did not give rise to an impairment.

No impairments of goodwill have been recognised (2015: Nil).

Carrying value of goodwill at the reporting dates is as follows:

	2016 R'm	2015 R'm
Paper	696.4	672.5
Plastics	350.5	350.5
Total goodwill	1,046.9	1,023.0

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'm	Plant and equipment R'm	Assets in the course of construction R'm	Other R'm	Total R'm
2016					
Cost					
At 1 January	390.2	4,735.9	375.3	202.5	5,703.9
Additions	65.5	584.1	154.6	31.7	835.9
Disposals	–	(104.2)	–	(15.4)	(119.6)
Currency movement	(3.1)	(7.5)	(0.4)	(1.5)	(12.5)
Transfer from inventory (see note 11)	–	0.9	–	–	0.9
Reclassification	2.2	94.4	(96.8)	0.2	–
Interest capitalised to qualifying assets (see note 4)	–	–	10.3	–	10.3
Acquisition of business (see note 26)	52.8	30.7	–	24.8	108.3
Reorganisation	(1.5)	–	–	–	(1.5)
Disposal group asset (see note 27)	–	(8.5)	–	(0.1)	(8.6)
At 31 December 2016	506.1	5,325.8	443.0	242.2	6,517.1
Accumulated depreciation and impairments					
At 1 January	90.4	2,439.5	–	132.8	2,662.7
Depreciation	20.5	426.0	–	29.7	476.2
Disposals	–	(98.3)	–	(13.7)	(112.0)
Currency movement	(0.2)	(3.2)	–	(1.2)	(4.6)
Disposal group asset (see note 27)	–	(8.5)	–	(0.1)	(8.6)
Impairment	–	15.9	–	–	15.9
Reorganisation	(1.5)	–	–	–	(1.5)
At 31 December 2016	109.2	2,771.4	–	147.5	3,028.1
Net book value at 31 December 2016	397.0	2,554.3	443.0	94.7	3,489.0
2015					
Cost					
At 1 January	324.7	3,835.0	391.1	171.7	4,722.5
Additions	60.8	882.1	(3.6)	39.9	979.2
Disposals	(0.2)	(36.0)	–	(9.2)	(45.4)
Currency movement	4.9	12.7	0.4	1.3	19.3
Transfer from inventory (see note 11)	–	1.5		–	1.5
Reclassification	–	30.2	(29.0)	(1.2)	–
Interest capitalised to qualifying assets (see note 4)	–	10.4	16.4	–	26.8
At 31 December 2015	390.2	4,735.9	375.3	202.5	5,703.9
Accumulated depreciation and impairments					
At 1 January	76.2	2,102.2	–	121.2	2,299.6
Depreciation	13.9	363.0	–	23.2	400.1
Disposals	–	(33.9)	–	(8.8)	(42.7)
Reclassification	–	3.7	–	(3.7)	–
Currency movement	0.3	4.5	–	0.9	5.7
At 31 December 2015	90.4	2,439.5	–	132.8	2,662.7
Net book value at 31 December 2015	299.8	2,296.4	375.3	69.7	3,041.2

The Group has pledged certain of its property, plant and equipment, other than assets under finance leases, as security in respect of the bank loans (refer note 19).

8. PROPERTY, PLANT AND EQUIPMENT continued

The net book value and depreciation charges relating to assets under finance leases amounts to R52.3 million (2015: R36.7 million) and R9.8 million (2015: R10.7 million) respectively, and have been pledged as security for these long-term borrowings (refer note 19).

The net book value of land and buildings comprises:

	2016 R'm	2015 R'm
Freehold	**378.2**	278.0
Leasehold – long	**18.4**	19.8
Leasehold – short	**0.4**	2.0
Total land and buildings	**397.0**	299.8

A register of land and buildings and of leased assets is open for inspection upon prior arrangement at the registered office of the company.

	2016 R'm	2015 R'm
9. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES		
At 1 January	**90.5**	90.2
Share of profit	**16.2**	13.0
Dividends received	**(5.6)**	(12.5)
Disposal of part investment	**(0.2)**	(0.2)
Acquisition of investment	**1.2**	–
Balance at 31 December	**102.1**	90.5
The Group's total investment comprises:		
Net asset value	**82.4**	70.8
Goodwill	**19.7**	19.7
Total equity	**102.1**	90.5

All investments are pledged as security in respect of the bank loans (refer note 19).

The Group has interests in equity accounted investees that are individually insignificant in relation to the Group. The operating activities of the equity accounted investees, are linked to that of the Group.

The Group's share of the summarised financial information of principal investments, all of which are unlisted, is as follows:

	2016 R'm	2015 R'm
Total non-current assets	**50.4**	55.5
Total current assets	**181.2**	164.7
Total current liabilities	**(8.4)**	(10.6)
Total non-current liabilities	**(121.1)**	(119.1)
Share of net assets[1]	**102.1**	90.5
Revenue	**523.9**	524.4
Total operating costs	**(502.0)**	(505.7)
Income tax expense	**(5.7)**	(5.7)
Share of profit for the financial year	**16.2**	13.0

1 There are no material contingent liabilities for which the Group is jointly or severally liable at the reporting dates presented.

10. FINANCIAL ASSET INVESTMENTS

	2016 R'm	2015 R'm
Loans receivable[1]	**19.6**	23.1
Loan to associated companies[1]	**1.4**	1.5
Available for sale investment[2]	**20.5**	–
	41.5	24.6

All financial asset investments are non-current as the repayment terms are greater than one year.

1 Loans receivable are held at amortised cost.

2 Relates to an equity investment acquired in the current year, where the cost equated to fair value.

	2016 R'm	2015 R'm
11. INVENTORIES		
Raw materials and consumables	**818.5**	782.4
Work in progress	**39.5**	39.8
Finished goods	**535.2**	452.8
Total inventories	**1,393.2**	1,275.0
Of which none are held at net realisable value		
Write-down of inventories	**5.4**	4.1
Reversal of write-down of inventories	**(9.6)**	(2.6)
Cost of inventories recognised as an expense	**4,660.5**	4,439.1
Inventory capitalised to property, plant and equipment (refer note 8)	**(0.9)**	(1.5)
Inventories are pledged as security for the bank loans (refer note 19).		
12. TRADE AND OTHER RECEIVABLES		
Trade receivables (a)		
– external	**1,768.2**	1,719.2
– related parties (see note 34)	**244.1**	204.1
Allowance for doubtful debts (b)	**(44.4)**	(40.7)
Net trade receivables	**1,967.9**	1,882.6
Other receivables	**115.4**	111.4
Prepayments and accrued income	**19.8**	19.2
Total trade and other receivables	**2,103.1**	2,013.2

The fair values of trade and other receivables approximate the carrying values presented.

Trade and other receivables are pledged as security for the bank loans (refer note 19).

(a) Trade receivables: Credit risk

The Group's exposure to the credit risk inherent in their trade receivables and the associated risk management techniques that the Group deploys in order to mitigate this risk are discussed in note 33. Credit periods offered to customers vary according to the credit risk profiles of, and invoicing conventions established by participants operating in the various markets in which the Group operates. Interest is charged at an appropriate rate on balances which are considered overdue in the relevant market.

To the extent that recoverable amounts are estimated to be less than their associated carrying values, impairment charges have been recorded in the statement of comprehensive income and the carrying values have been written down to their recoverable amounts. The total gross carrying value of these impaired trade receivables for the Group at the reporting date are R148.2 million (2015: R121.0 million) and the associated aggregated impairments for the Group are R44.4 million (2015: R40.7 million).

Included within the Group aggregate trade receivables balance are specific debtor balances with customers totalling R391.5 million (2015: R253.1 million) which are past due, but not impaired as at the reporting date. The Group has assessed these balances for recoverability and believe that their credit quality remains intact. An ageing analysis of these past due trade receivables is provided as follows:

	Trade receivables past due by:				
	Less than one month R'm	One to two months R'm	Two to three months R'm	More than three months R'm	Total R'm
Carrying value at **31 December 2016**	**208.2**	**68.7**	**28.4**	**86.2**	**391.5**
Carrying value at 31 December 2015	101.9	47.3	21.8	82.1	253.1

The Group did not enter into any debt factoring arrangements.

for the year ended 31 December 2016

12. TRADE AND OTHER RECEIVABLES continued

(b) Movement in the allowance account for bad and doubtful debts

	2016 R'm	2015 R'm
At 1 January	**40.7**	52.2
Amounts written off or recovered during the year	**9.8**	(18.5)
Increase in allowance recognised in the statement of comprehensive income	**0.8**	19.4
Reversal of allowance	**–**	(12.4)
Non-current asset held for sale	**(6.9)**	–
At 31 December	**44.4**	40.7

13. CASH AND CASH EQUIVALENTS

	2016 R'm	2015 R'm
Cash at bank and on hand	**405.7**	508.9

All bank accounts are pledged as security for the bank loans (refer note 19).

14. DERIVATIVE FINANCIAL INSTRUMENTS

	2016			2015		
	Asset R'm	Liability R'm	Notional amount R'm	Asset R'm	Liability R'm	Notional amount R'm
Group						
Non-current derivative						
Cash flow hedges:						
Interest rate swaps	**–**	**(4.4)**	**500.0**	13.9	–	500.0
Current derivative						
Held for trading[1]						
Foreign exchange contracts	**2.9**	**(8.6)**	**109.3**	15.1	(7.0)	69.4

1 There were no held-for-trading derivative assets and liabilities, classified as current in accordance with IAS 1: "Presentation of Financial Statements", which are due to mature after more than one year, for all the years presented. The inputs in determining fair value are classed as level 2 in terms of IFRS.

Derivative financial instruments are held at fair value. Appropriate valuation methodologies are employed to measure the fair value of derivative financial instruments (refer note 33).

The notional amounts presented represent the aggregate face value of all foreign exchange contracts and interest rate swaps at the year-end. They do not indicate the contractual future cash flows of the derivative instruments held or their current fair value and therefore do not indicate the Group's exposure to credit or market risks. Note 33 provides an overview of the Group's management of financial risks through the selective use of derivative financial instruments and also includes a presentation of the undiscounted future contractual cash flows of the derivative contracts outstanding at the reporting date.

Hedging

Cash flow hedges

The Group designates certain derivative financial instruments as cash flow hedges. The fair value (losses)/gains reclassified from the cash flow hedge reserve during the year and matched against the realisation of hedged risks in the combined and consolidated statement of comprehensive income were as follows:

	2016 R'm	2015 R'm
Held for trading derivatives		
Net fair value gains on held for trading derivatives	**9.0**	7.3

Held for trading derivatives are used primarily to hedge foreign exchange balance sheet exposures. Held for trading derivative gains have corresponding gains which arise on the revaluation of the foreign exchange balance sheet exposures being hedged. The Group chose not to apply hedge accounting to the held for trading derivatives.

The Group entered into a R400 million interest rate swap in 2012 to hedge its interest rate exposure on floating rate debt and applied hedge accounting in terms of IAS 39 *Financial Instruments: Recognition and Measurement.* The floating rate of the swap was referenced to three-month JIBAR and the fixed interest rate on the R400 million facility was 7.58%. In 2015 the Group terminated this interest rate swap and entered into a new interest rate swap for R500 million. The floating rate of the swap was referenced to three-month JIBAR and the fixed interest rate on the R500 million facility is 9.49%.

	Group	
	2016 R'm	2015 R'm
15. SHORT-TERM BORROWINGS		
Standard Bank and Rand Merchant Bank	**900.0**	650.0
Current portion of finance lease obligations	**16.9**	12.1
Minority shareholder loans	**31.9**	42.5
Bank overdrafts	**5.7**	26.1
Instalment loan facilities	**2.8**	2.9
Industrial Development Corporation loan	**32.7**	36.4
Total short-term borrowings	**990.0**	770.0
16. TRADE AND OTHER PAYABLES		
Trade payables	**1,220.0**	1,067.6
Amounts owed to related parties	**19.1**	20.6
Other payables and accruals	**533.0**	767.4
Total trade and other payables	**1,772.1**	1,855.6

The fair values of trade and other payables are not materially different to the carrying values presented.

	1 January 2015 R'm	Charge R'm	31 December 2015 R'm	Charge R'm	31 December 2016 R'm
17. PROVISIONS					
Other[1]	1.5	1.1	2.6	**1.4**	**4.0**
Restoration and environmental[2]	0.9	0.1	1.0	**0.1**	**1.1**
Total	2.4	1.2	3.6	**1.5**	**5.1**

1 Relates to Bonus Share Plan awards, where dividends earned over the holding period are paid as a single cash payment on vesting date.

2 The restoration and environmental provision represents the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by production operations. A provision is recognised for the present value of such costs.

	2016 R'm	2015 R'm
18. OTHER CURRENT LIABILITIES		
Accrual for settlement cost (see note 30c)	**4.6**	4.6
Non-controlling interest put option[1]	**14.5**	–
Contingent consideration[2]	**32.7**	–
	51.8	4.6

1 The non-controlling shareholder of a subsidiary company has a put option which may require the Group to purchase the non-controlling interest in 2017. There has been a fair value adjustment of R7.2 million to the put option in the current year.

2 Represents the estimated fair value of the contingent consideration relating to the acquisition of Remade Holdings (Pty) Ltd.

	2016 R'm	2015 R'm
19. LONG-TERM BORROWINGS		
Secured		
Standard Bank and Rand Merchant Bank:		
– Facility A[1]	**900.0**	900.0
– Facility B[2]	**350.0**	100.0
– Facility C[3]	**550.0**	550.0
Industrial Development Corporation loan[4]	**230.7**	189.4
KZN Growth Fund[5]	**200.0**	200.0
Standard Bank facility[7]	**40.0**	–
	2,270.7	1,939.4
Obligations under finance leases	**45.3**	34.9
Instalment loan facilities	**23.4**	28.1
	2,339.4	2,002.4
Unsecured		
Minority shareholder loans in subsidiary[6]	**31.9**	42.5
Industrial Development Corporation shareholder loan[4]	**30.0**	30.0
Total borrowings	**2,401.3**	2,074.9
***Less:* Current portion** (see note 15)		
Standard Bank and Rand Merchant Bank loans	**(900.0)**	(650.0)
Industrial Development Corporation loan	**(32.7)**	(36.4)
Obligations under finance leases	**(16.9)**	(12.1)
Minority shareholder loans	**(31.9)**	(42.5)
Instalment loan facilities	**(2.8)**	(2.9)
Non-current borrowings	**1,417.0**	1,331.0

1 Facility A is repayable in full on its 5th anniversary, 22 December 2019, and bears interest at a three-month JIBAR plus 1.65%.

2 Facility B is a revolving credit facility and is repayable as agreed when utilised. The facility bears interest at three-month JIBAR plus 1.65%, and expires on 22 December 2019.

3 Facility C is a revolving credit facility and is repayable as agreed when utilised. The facility currently bears interest at three-month JIBAR plus 1.35% and expires on 22 December 2017.

4 The Industrial Development Corporation loan is payable over 72 months commencing January 2019, and bears interest at a rate of prime plus 1%. An additional R30.0 million was granted as a shareholder loan which is non-interest bearing.

5 The KZN Growth Fund loan is payable in full on 2 March 2023 and bears interest at fixed rate of 9.15%.

6 Non-interest-bearing loans with no repayment terms.

7 The facility is payable over 16 equal instalments, commencing after the expiry of the availability period and bears interest at JIBAR.

The Group sources its borrowings in South African Rands. The fair values of the Group borrowings approximate the carrying value presented.

The maturity analysis of the Group's borrowings presented, on an undiscounted future cash flow basis is included as part of a review of the Group's liquidity risk within note 33.

Facilities totalling R420.0 million remain committed and undrawn as at 31 December 2016 (2015: R471.0 million).

Obligations under finance leases

The maturity of obligations under finance leases is:

	2016 R'm	2015 R'm
No later than one year	**16.9**	14.5
Later than one year and not more than five years	**35.6**	25.1
More than five years	**–**	0.5
Future value of finance lease liabilities	**52.5**	40.1
Future finance charges	**(7.2)**	(5.2)
Present value of finance lease liabilities	**45.3**	34.9

Finance leases relate to computer equipment and plant with varying lease terms. The Group's obligations under the finance leases are secured by the lessors' title to the lease assets.

Financing facilities

Group liquidity is provided through debt facilities which are in excess of the Group's short-term needs. The Group has committed facilities amounting to R2.7 billion (2015: R2.6 billion).

The Group has pledged certain assets as collateral against certain borrowings. The values of these assets as at 31 December 2016 are as follows:

	2016 R'm	2015 R'm
Assets held under finance leases		
Property, plant and equipment	**52.3**	36.7
Assets pledged as collateral for other borrowings		
Property, plant and equipment	**1,855.2**	1,719.0
Inventories	**1,108.1**	989.8
Financial assets[1]	**1,831.7**	1,928.6
Investments in associates	**102.1**	90.5
Total carrying value of assets pledged as collateral	**4,949.4**	4,764.6

1 Financial assets include cash equivalents and trade and other receivables of certain subsidiaries.

The Group is entitled to receive all cash flows from these pledged assets. Further, there is no obligation to remit these cash flows to another entity.

20. RETIREMENT BENEFITS

The Group operate post-retirement defined contribution plans for the majority of its employees. The Group also operates a post-retirement medical arrangement. The accounting policy for retirement benefits is included in note 1.

Defined contribution plan

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans for the Group totalling R82.8 million (2015: R69.5 million) is calculated on the basis of the contribution payable by the Group in the financial year. There were no material outstanding or prepaid contributions recognised in relation to these plans as at the reporting dates presented.

Post-retirement medical plan

The post-retirement medical plan provides health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. This plan is unfunded and there are no plan assets. The plan has been closed to new participants since 1 January 1999.

The post-retirement medical aid liability is valued each year using the projected unit credit method. The actuarial present value of the promised benefits at the most recent valuation was performed during the 2016 financial year and indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations are detailed below:

	2016 %	2015 %
Post-retirement medical plan		
Average discount rate for plan liabilities	**10.1**	10.8
Expected average increase of healthcare costs	**9.3**	10.3

The assumption for the average discount rate for plan liabilities is based on AA corporate bonds, which are of a suitable duration and currency.

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2016 years	2015 years
Retiring today		
Males	**16.09**	15.97
Females	**20.15**	19.94
Retiring in 20 years		
Males	**21.44**	20.44
Females	**25.63**	24.73

20. RETIREMENT BENEFITS continued

The mortality assumptions have been based on published mortality tables in the relevant jurisdictions.

Independent qualified actuaries carry out full valuations every three years using the projected credit unit method. The actuaries have updated the valuations to 31 December 2016.

The total gain/(loss), net of applicable tax, recognised in other comprehensive income relating to experience movements on scheme liabilities and plan assets and actuarial assumption changes for the year ended 31 December 2016 is a gain of R3.6 million (2015: gain of R6.7 million).

The changes in the present value of defined benefit obligations are as follows:

	2016 Post-retirement medical plans R'm	2015 Post-retirement medical plans R'm
At 1 January	**53.0**	57.4
Current service cost	**–**	0.1
Interest cost	**5.6**	4.7
Remeasurement	**(3.6)**	(6.7)
Benefits paid	**(3.4)**	(2.5)
At 31 December	**51.6**	53.0
The amounts recognised in the statement of comprehensive income are as follows:		
Analysis of the amount charged to operating profit		
Current service costs	**–**	0.1
Interest costs on plan liabilities[1]	**5.6**	4.7
Total charge to statement of comprehensive income	**5.6**	4.8

1 *Included in finance costs (see note 4).*

Sensitivity analysis

Assured healthcare trend rates have a significant effect on the amounts recognised in the statement of comprehensive income. A 1% change in assumed healthcare cost trend rates would have the following effects on the post-retirement medical plans:

	1% increase	
	2016 R'm	2015 R'm
Effect on the aggregate of the current service cost and interest cost	**0.6**	0.7
Effect on the defined benefit obligation	**6.0**	6.7

The Group's post-retirement medical arrangement for five years ended 31 December 2016, is summarised as follows:

	2016 R'm	2015 R'm	2014 R'm	2013 R'm	2012 R'm
Liabilities					
Post-retirement medical plans	**(51.6)**	(53.0)	(57.4)	(54.0)	(63.1)
Remeasurement					
On plan liabilities	**3.6**	6.7	(0.6)	12.0	1.1

	2016 R'm	2015 R'm

21. DEFERRED TAX

	2016 R'm	2015 R'm
Deferred tax asset		
At 1 January	**15.3**	18.5
Charged to statement of comprehensive income	**(2.7)**	(6.1)
Reclassification	**(6.9)**	1.4
Charge to equity	**(0.8)**	1.5
At 31 December	**4.9**	15.3
Deferred tax liability		
At 1 January	**(266.8)**	(214.0)
Acquired through business combinations (see note 26)	**(31.8)**	–
Charged to statement of comprehensive income	**(62.7)**	(52.2)
Charged to statement of other comprehensive income	**4.1**	(4.2)
Charged to equity	**7.8**	5.0
Reclassification	**6.9**	(1.4)
At 31 December	**(342.5)**	(266.8)
The amount of deferred taxation provided in the accounts is presented as follows:		
Deferred tax assets		
Tax losses[1]	**40.9**	31.3
Capital allowances	**(39.6)**	(37.9)
Other temporary differences	**3.6**	21.9
Total deferred tax assets	**4.9**	15.3
Deferred tax liabilities		
Tax losses[1]	**11.7**	11.4
Capital allowances	**(393.4)**	(341.7)
Fair value adjustments	**(4.6)**	(4.7)
Other temporary differences	**43.8**	68.2
Deferred tax liabilities	**(342.5)**	(266.8)

1 Based on the forecast data, the Group believe that there will be sufficient future taxable profits available to utilise these tax losses.

The Group has the following assessable losses in respect of which no deferred tax has been recognised due to the unpredictability of future profit streams or gains against which these could be utilised:

	2016 R'm	2015 R'm
Unutilised tax losses	**358.8**	76.0

All unrecognised tax losses have no expiry date, where trading is ongoing.

22. OTHER NON-CURRENT LIABILITIES

	2016 R'm	2015 R'm
Non-controlling interest put option	**–**	21.7

23. DEFERRED INCOME

	2016 R'm	2015 R'm
Government grants		
Current	**5.5**	5.5
Non-current	**29.0**	34.6
Total	**34.5**	40.1

The government grants relate to MCEP grants received for capital expenditure. The income released to the statement of comprehensive income of R5.5 million (2015: 5.5 million) has been off-set against operating expenses.

24. STATED CAPITAL

	2016 R'm	2015 R'm
Authorised share capital		
217,500,000 shares of no par value	**–**	–
Issued share capital		
Issue of shares of no par value	**2,426.2**	2,344.1
Capitalisation issue	**106.5**	82.1
	2,532.7	2,426.2

During the year 2,526,741 new ordinary shares were issued to shareholders who elected to receive capitalisation shares in terms of the scrip distribution. As at 31 December 2016, 168,485,360 shares were in issue (2015: 165,958,619).

25. SHARE-BASED PAYMENTS

The Group has a share-based payment arrangement for executives and senior employees of Mpact Limited and its subsidiaries. The Group intends to operate three plans on a continuing basis, namely; Bonus Share Plan ("BSP"), Performance Share Plan ("PSP") and Share Appreciation Right Plan ("SARP").

The total fair value charge in respect of all the Mpact share awards granted are as follows:

	2016 R'm	2015 R'm
Bonus Share Plan (BSP)	**14.4**	11.6
Performance Share Plan (PSP)	**8.5**	7.0
Share Appreciation Rights Plan (SARP)	**0.2**	1.0
Total share-based payment expense	**23.1**	19.6

The fair values of the share awards granted under the Mpact share plans are calculated using the Monte Carlo simulation with reference to the facts and assumptions presented below:

Bonus Share Plan (BSP)	2016	2015	2014
Date of grant	**1 April 2016**	1 April 2015	5 June 2014
Vesting period (months)	**36**	36	34
Expected leavers per annum (%)	**–**	5	5
Grant date fair value per instrument (R)	**48.53**	39.06	23.43

Performance Share Plan (PSP)	2016	2015	2014
Date of grant	**1 April 2016**	1 April 2015	5 June 2014
Vesting period (months)	**36**	36	34
Expected leavers per annum (%)	**–**	5	5
Expected outcome of meeting performance criteria (%)			
– Return on capital employed ("ROCE") component	**100**	100	100
– Total shareholder return ("TSR") component determined inside the valuation model and incorporated in the fair value per option			
Grant date fair value per instrument (R)			
– ROCE component	**48.53**	39.06	23.43
– TSR component	**31.13**	24.49	13.75

Share Appreciation Rights Plan (SARP)[1]	
Date of grant	1 September 2011
Vesting period	Equal third on 31 March 2014/2015/2016
Expected leavers per annum (%)	5
Expected outcome of meeting performance criteria (%)	
– EBITDA component	100.0
Strike price (R)	13.41

1 No share appreciation right options were granted during the current year.

A reconciliation of share award movements for the Group is shown below.

2016	1 January	Shares conditionally awarded in year	Shares vested in year	Shares lapsed in year	31 December 2016
BSP	**1,401,072**	**350,843**	**(465,956)**	**–**	**1,285,959**
PSP	**962,558**	**293,812**	**(327,486)**	**–**	**928,884**
SARP	**770,650**	**–**	**(571,143)**	**(199,507)**	**–**

2015	1 January	Shares conditionally awarded in year	Shares vested in year	Shares	31 December 2015
BSP	1,447,672	446,214	(492,814)	–	1,401,072
PSP	1,056,175	279,412	(317,077)	(55,952)	962,558
SARP	1,382,808	–	(461,565)	(150,593)	770,650

26. BUSINESS COMBINATIONS

		2016 R'm
(a)	On 1 May 2016 the Group acquired a 100% interest in six property companies at fair value for a total cash purchase consideration of R38.6 million. Details of the aggregated fair value of the net assets acquired are as follows:	
	Property, plant and equipment[3]	52.8
	Trade receivables	0.3
	Financial assets	3.2
	Cash	1.4
	Trade and other payables	(0.3)
	Shareholder loan	(31.1)
	Deferred tax liability	(9.9)
	Taxation liability	(0.3)
	Financial liabilities	(8.6)
	Net assets acquired	7.5
	Shareholder's loan acquired	31.1
	Purchase consideration	38.6
	Cash acquired	(1.4)
	Net cash outflow	37.2
(b)	On 1 May 2016 the Group acquired a 100% interest in Remade Holdings (Pty) Ltd for a purchase consideration of R89.1 million. Details of the fair value of the net assets acquired are as follows:[2]	
	Intangible assets	47.0
	Property, plant and equipment	55.5
	Investments	1.2
	Inventories	4.7
	Trade receivables	27.9
	Cash	3.8
	Trade and other payables	(20.5)
	Finance lease obligations	(26.8)
	Deferred tax liability	(21.9)
	Provisions	(2.9)
	Taxation liability	(2.3)
	Financial liabilities	(0.5)
	Net assets acquired	65.2
	Goodwill on acquisition	23.9
	Purchase consideration	89.1
	Contingent consideration[1]	(32.7)
	Cash acquired	(3.8)
	Net cash outflow	52.6

1 The contingent consideration is based on a multiple of targeted future earnings, of which a 100% outcome has been projected.

2 Revenue and profits arising from the above acquisitions are not material to the Group. The acquisition of Remade Holdings (Pty) Ltd complements a number of initiatives by Mpact Recycling to expand its own collections of paper and plastics and to increase recycling rates of these materials in South Africa. These initiatives increase the material available for the Felixton Mill, Mpact Polymers and the recently commissioned liquid packaging recycling plant at the Springs Paper Mill.

3 The properties acquired via the Property Companies are to be held for use for normal trading of the Group.

27. DISPOSAL GROUP

The Group is in the process of disposing certain of its assets and liabilities. A formal plan has been put in place to dispose of these assets and liabilities within the next 12 months. Details of these assets and liabilities held for sale are as follows:

	2016 R'm
Property, plant and equipment – cost	8.6
Property, plant and equipment – accumulated depreciation	(8.6)
Trade and other receivables – gross	19.7
Provision for bad debts	(6.9)
Disposal group assets	12.8
Trade and other payables	10.7
Disposal group assets liabilities	10.7

	2016 R'm	2015 R'm
28. CONSOLIDATED CASH FLOW ANALYSIS		
(a) Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**579.5**	790.2
Depreciation, amortisation and impairments	**504.0**	410.0
Share-based payments	**23.1**	19.6
Net finance costs	**183.8**	132.0
Share of equity accounted investee profit	**(16.2)**	(13.0)
(Decrease)/increase in provisions	**(1.7)**	1.2
Increase in inventories	**(115.5)**	(148.8)
Increase in receivables	**(75.3)**	(245.1)
(Decrease)/increase in payables	**(98.1)**	158.7
Profit on disposal of tangible assets	**(1.1)**	(2.4)
Fair value change on transactions not qualifying as hedges	**13.8**	(7.4)
Other non-cash items	**(3.3)**	(2.8)
Amortisation of government grant	**(5.5)**	(5.5)
Profit on sale of equity accounted investee	**(0.8)**	(0.2)
Cash generated from operations	**986.7**	1,086.5
(b) Cash and cash equivalents		
Cash and cash equivalent per statement of financial position	**405.7**	508.9
Bank overdrafts included in short-term borrowings (see note 15)	**(5.7)**	(26.1)
Net cash and cash equivalents per statement of cash flows	**400.0**	482.8

The fair value of cash and cash equivalents approximate the values presented.

29. CAPITAL COMMITMENTS

	2016 R'm	2015 R'm
Contracted for	**361.9**	443.0
Approved, not yet contracted for	**572.5**	885.6
	934.4	1,328.6

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

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities for the Group comprise aggregate amounts at 31 December 2016 of R7.1 million (2015: R17.4 million) in respect of loans and guarantees given to banks and other third parties.

(b) A Group mill is the subject of a land claim, which should not have a material impact on the financial position of the Group.

(c) In 2013 a settlement was reached in respect of a dispute relating to the valuation of put options in a group subsidiary. The settlement agreement provides for a deferred payment contingent upon the achievement of certain EBITDA and ROCE levels for the years 2017 to 2018, subject to a maximum amount of R1.9 million (2015: R6.5 million).

(d) There were no significant contingent assets for the Group at 31 December 2016 and 31 December 2015.

(e) As advised to the shareholders on 26 May 2016, the Company is subject to a Competition Commission investigation. The Directors are unable at this stage to determine what the outcome of the investigation will be.

31. OPERATING LEASE COMMITMENTS

At 31 December, the outstanding commitments under non-cancellable leases were:

	2016 R'm	2015 R'm
Expiry date:		
Within one year	**118.8**	96.3
One to two years	**114.9**	99.7
Two to five years	**214.8**	178.2
After five years	**39.0**	48.4
	487.5	422.6

The majority of these operating leases relate to land and buildings.

32. CAPITAL MANAGEMENT

The Group defines its total capital employed as equity, as presented in the statement of financial position, plus net debt, less investment in subsidiaries and financial asset investments.

	2016 R'm	2015 R'm
Total borrowings (excluding overdrafts)	**2,401.3**	2,074.9
Less: Cash and cash equivalents[1]	**(400.0)**	(482.8)
Net debt	**2,001.3**	1,592.1
Less: Loans and receivables and investments in subsidiaries	**(21.0)**	(24.6)
Add: Financial asset investments	**20.5**	–
Adjusted net debt	**2,000.8**	1,567.5
Equity	**4,020.6**	3,711.8
Total capital employed	**6,021.4**	5,279.3

1 *Net of overdrafts.*

Total capital employed is managed on a basis that enables the Group to continue trading as a going concern, while delivering acceptable returns for shareholders and benefits for other stakeholders. Additionally, the Group is also committed to reducing its cost of capital by maintaining an optimal capital structure. In order to maintain an optimal capital structure, the Group may adjust the future level of dividends paid to shareholders, repurchase shares from shareholders, issue new equity instruments or dispose of assets to reduce its net debt exposure.

The Group reviews its total capital employed on a regular basis and makes use of several indicative ratios which are appropriate to the nature of the Group's operations and are consistent with conventional industry measures. The principal ratios used in this review process are:

- gearing, defined as net debt divided by total capital employed; and
- return on capital employed, defined as underlying operating profit, plus share of associates profit, before special items, divided by average capital employed.

33. FINANCIAL RISK MANAGEMENT

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks are categorised separately according to their different generic risk characteristics and include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group is actively engaged in the management of all of these financial risks in order to minimise their potential adverse impact on the Group's financial performance.

The principles, practices and procedures governing the Group-wide financial risk management process have been approved by the Board and are overseen by the executive committee. In turn, the executive committee delegates authority to a central treasury function (Group treasury) for the practical implementation of the financial risk management process across the Group and for ensuring that the Group's entities adhere to specified financial risk management policies. Group treasury continually reassesses and reports on the financial risk environment, identifying, evaluating and hedging financial risks by entering into derivative contracts with counterparties where appropriate. The Group does not take speculative positions on derivative contracts and only enters into contractual arrangements with counterparties that have investment grade credit ratings.

Market risk

The Group's activities are exposed to primarily foreign exchange and interest rate risk. Both risks are actively monitored on a continuous basis and managed through the use of foreign exchange contracts and interest rate swaps, respectively. Although the Group's cash flows are exposed to movements in key input and output prices, such movements represent economic rather than residual financial risk inherent in commodity payables and receivables.

Foreign exchange risk

The Group operates across various national boundaries and is exposed to foreign exchange risk in the normal course of their business. Multiple currency exposures arise from forecast commercial transactions denominated in foreign currencies, recognised financial assets and liabilities (monetary items) denominated in foreign currencies and the translational exposure on net investments in foreign operations.

Foreign exchange contracts

The Group's foreign exchange policy requires its subsidiaries to actively manage foreign currency exposures against their functional currencies by entering into foreign exchange contracts. For segmental reporting purposes, each subsidiary enters into, and account for, foreign exchange contract with Group treasury or with counterparties that are external to the Group, whichever is more commercially appropriate.

33. FINANCIAL RISK MANAGEMENT continued

Only material statement of financial position exposure and highly probable forecast capital expenditure transactions are being hedged.

Currencies bought or sold forward to mitigate possible unfavourable movements on recognised monetary items are marked to market at each reporting date. Foreign currency monetary items are translated at each reporting date to incorporate the underlying foreign exchange movements, and any such movements are naturally off-set against fair value movements on related foreign exchange contracts.

Foreign currency sensitivity analysis

Foreign exchange risk sensitivity analysis has been performed on the foreign currency exposures inherent in the Group's financial assets and financial liabilities at the reporting dates presented, net of related forward positions. The sensitivity analysis provides an indication of the impact on the Group's reported earnings of reasonably possible changes in the currency exposures embedded within the functional currency environments that the Group operates in. In addition, an indication is provided of how reasonably possible changes in foreign exchange rates might impact on the Group's equity, as a result of fair value adjustments to foreign exchange contracts designated as cash flow hedges. Reasonably possible changes are based on an analysis of historic currency volatility, together with any relevant assumptions regarding near-term future volatility.

Resultant impacts of reasonably possible changes to foreign exchange rates

The Group has assumed that for its functional to foreign currency net monetary exposure, it is reasonable to assume a 5% appreciation/depreciation of the functional currency.

Interest rate risk

The Group holds cash and cash equivalents, which earns interest at a variable rate and has variable rate debt in issue. Consequently, the Group is exposed to interest rate risk. Although the Group also has fixed rate debt in issue, the Group's accounting policy stipulates that all borrowings are held at amortised cost. As a result, the carrying value of fixed rate debt is not sensitive to changes in credit conditions in the relevant debt markets and there is therefore no exposure to fair value interest rate risk.

Management of cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term highly liquid investments which have a maturity of three months or less from the date of acquisition.

Management of variable rate debt

The Group has multiple variable rate debt facilities. Group treasury uses interest rate swaps to hedge certain exposures to movements in the relevant inter-bank lending rates, primarily the Johannesburg Interbank Agreed Rate (JIBAR).

Interest rate swaps are ordinarily formally designated as cash flow hedges and are fair valued at each reporting date. The fair value of interest rate swaps are determined at each reporting date by reference to the discounted contractual future cash flows, using the relevant currency-specific yield curves, and the credit risk inherent in the contract.

The Group's cash and cash equivalents also acts as a natural hedge against possible unfavourable movements in the relevant inter-bank lending rates on its variable rate debt, subject to any interest rate differentials that exist between corporate saving and lending rates.

Net variable rate debt sensitivity analysis

The net variable rate exposure represents variable rate debt less the future cash outflows swapped from variable-to-fixed via interest rate swap instruments and cash and cash equivalents. Reasonably possible changes in interest rates have been applied to net variable rate exposure, in order to provide an indication of the possible impact on the Group's statement of comprehensive income.

Interest rate risk sensitivities on variable rate debt and interest rate swaps

	2016 R'm	2015 R'm
Total debt (including overdrafts)	**2,407.0**	2,101.0
Less:		
Fixed rate debt	**(203.1)**	(204.3)
Non-interest bearing debt	**(61.9)**	(72.5)
Cash and cash equivalents	**(405.7)**	(508.9)
Net variable rate debt	**1,736.3**	1,315.3
Interest rate swaps:		
Floating-to-fixed notionals	**(500.0)**	(500.0)
Net variable rate exposure	**1,236.3**	815.3
+/– basis points change		
Potential impact on earnings (+50 basis points)	**(4.2)**	(2.7)
Potential impact on earnings (-50 basis points)	**4.2**	2.7

Credit risk

The Group's credit risk is mainly confined to the risk of customers defaulting on sales invoices raised. Several Group entities have also issued certain financial guarantee contracts to external counterparties in order to achieve competitive funding rates for specific debt agreements entered into by other Group entities. None of these financial guarantees contractually obligate the Group to pay more than the recognised financial liabilities in the entities concerned. As a result, these financial guarantee contracts have no bearing on the credit risk profile of the Group as a whole. Full disclosure of the Group's maximum exposure to credit risk is presented in the following table:

	2016 R'm	2015 R'm
Exposure to credit risk		
Cash and cash equivalents	**405.7**	508.9
Derivative financial instruments	**2.9**	15.1
Trade and other receivables (excluding prepayments and accrued income)	**2,083.3**	1,994.0
Loans receivable	**41.5**	24.6
Total credit risk exposure	**2,533.4**	2,542.6

Credit risk associated with trade receivables

The Group has a large number of unrelated customers and does not have any significant credit risk exposure to any particular customer. The Group believes there is no significant geographical concentration of credit risk.

Each business unit manages its own exposure to credit risk according to the economic circumstances and characteristics of the relevant markets that they serve. The Group believes that management of credit risk on a devolved basis enables it to assess and manage credit risk more effectively. However, broad principles of credit risk management practice are observed across all business units, such as the use of credit rating agencies, credit guarantee insurance, where appropriate, and the maintenance of a credit control function. Of the total trade receivables balance of R2.0 billion (2015: R1.8 billion) included in trade and other receivables reported in the statement of financial position, credit insurance covering of R35.1 million (2015: R1.2 million) of the total balance has been taken out the by Group's trading entities to insure against the related credit default risk. The insured cover is presented gross of contractually agreed excess amounts.

Liquidity risk

Liquidity risk is the risk that the Group could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment. The Group manages its liquidity risk by using reasonable and retrospectively-assessed assumptions to forecast the future cash-generative capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate.

The following table shows the amounts available to draw down on its committed and uncommitted loan facilities:

	2016 R'm	2015 R'm
Expiry date		
In one year or less	**718.3**	503.8
Total credit available	**718.3**	503.8

Forecast liquidity represents the Group's expected cash inflows, principally generated from sales made to customers, less the Group's contractually-determined cash outflows, principally related to supplier payments and the repayment of borrowings, including finance lease obligations, plus the payment of any interest accruing thereon. The matching of these cash inflows and outflows rests on the expected ageing profiles of the underlying assets and liabilities. Short-term financial assets and financial liabilities are represented primarily by the Group's trade receivables and trade payables respectively. The matching of the cash flows that result from trade receivables and trade payables takes place typically over a period of three to four months from recognition in the statement of financial position and is managed to ensure the ongoing operating liquidity of the Group. Financing cash outflows may be longer term in nature. The Group does not hold long-term financial assets to match against these commitments, but are significantly invested in long-term non-financial assets which generate the sustainable future cash inflows, net of future capital expenditure requirements, needed to service and repay the Group's borrowings. The Group also assesses its commitments under interest rate swaps, which hedge future cash flows from two to five years from the reporting date presented.

Contractual maturity analysis

Trade receivables, the principal class of non-derivative financial assets held by the Group, are settled gross by customers. The Group's financial investments, which are not held for trading and therefore do not comprise part of the Group and Company's liquidity planning arrangements, make up the remainder of the non-derivative financial assets held.

33. FINANCIAL RISK MANAGEMENT continued

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities, including any interest that will accrue, except where the Group is entitled and intends to repay a financial liability, or part of a financial liability, before its contractual maturity. Non-interest-bearing financial liabilities which are due to be settled in less than 12 months from maturity equal their carrying values, since the impact of the time value of money is immaterial over such a short duration.

Maturity profile of outstanding financial liabilities

	Undiscounted cash flow				
	Less than one year R'm	One to two years R'm	Two to five years R'm	More than five years R'm	Total R'm
2016					
Trade and other payables (see note 16)	**1,798.3**	**–**	**–**	**–**	**1,798.3**
Finance leases	**16.9**	**15.1**	**20.5**	**–**	**52.5**
Borrowings[1]	**973.1**	**4.1**	**1,071.2**	**313.1**	**2,361.5**
Total	**2,788.3**	**19.2**	**1,091.7**	**313.1**	**4,212.3**
2015					
Trade and other payables (see note 16)	1,855.6	–	–	–	1,855.6
Finance leases	14.5	10.9	14.2	0.5	40.1
Borrowings[1]	716.4	4.3	1,012.7	339.1	2,072.5
Total	2,586.5	15.2	1,026.9	339.6	3,968.2

It has been assumed that, where applicable, interest and foreign exchange rates prevailing at the reporting date will not vary over the time periods remaining for future cash flows.

1 The short-term borrowings are revolving in nature and only become payable in the event of a covenant breach.

Maturity profile of outstanding derivative positions

	Undiscounted cash flow			
	Less than one year R'm	One to two years R'm	Two to five years R'm	Total[1] R'm
2016				
Foreign exchange contracts	**(4.8)**	**–**	**–**	**(4.8)**
Interest rate swaps	**(5.5)**	**(6.1)**	**(6.5)**	**(18.1)**
Total	**(10.3)**	**(6.1)**	**(6.5)**	**(22.9)**
2015				
Foreign exchange contracts	(62.4)	–	–	(62.4)
Interest rate swaps	(6.1)	(6.1)	(12.0)	(24.2)
Total	(68.5)	(6.1)	(12.0)	(86.6)

Financial instruments by category

	Fair value hierarchy R'm	Loans and receivables R'm	At fair value through profit or loss R'm	Available for sale R'm	Total R'm
2016					
Financial assets					
Trade and other receivables	**Level 2**	**2,103.1**	**–**	**–**	**2,103.1**
Loans receivable	**Level 3**	**21.0**	**–**	**–**	**21.0**
Available for sale investment	**Level 3**	**–**	**–**	**20.5**	**20.5**
Derivative financial instruments	**Level 2**	**–**	**2.9**	**–**	**2.9**
Total		**2,124.1**	**2.9**	**20.5**	**2,147.5**

	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 3	24.6	–	24.6
Derivative financial instruments	Level 2	–	29.0	29.0
Total		2,037.8	29.0	2,066.8

	Fair value hierarchy	At fair value through profit or loss R'm	At amortised cost R'm	Total R'm
2016				
Financial liabilities				
Borrowings	**Level 3**	**–**	**(2,407.0)**	**(2,407.0)**
Trade and other payables	**Level 2**	**–**	**(1,798.3)**	**(1,798.3)**
Derivative financial instrument	**Level 2**	**(13.0)**	**–**	**(13.0)**
Total		**(13.0)**	**(4,205.3)**	**(4,218.3)**

	Fair value hierarchy	At fair value through profit or loss R'm	At amortised cost R'm	Total R'm
2015				
Financial liabilities				
Borrowings	Level 3	–	(2,101.0)	(2,101.0)
Trade and other payables	Level 2	–	(1,855.6)	(1,855.6)
Derivative financial instrument	Level 2	(7.0)	–	(7.0)
Total		(7.0)	(3,956.6)	(3,963.6)

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.

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; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

34. 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.

34. RELATED PARTY TRANSACTIONS continued

Details of transactions and balances between the Group and related parties are disclosed below:

	2016 R'm	2015 R'm
Sales to related parties	**785.0**	679.4
Purchases from related parties	**2.5**	0.7
Minority shareholder loans	**292.6**	261.9
Loans to related parties	**1.4**	1.5
Receivables due from related parties	**244.1**	204.1
Payables due to related parties	**19.1**	20.6
Interest expenses	**20.6**	–
Management salaries paid to non-controlling shareholders of a subsidiary	**2.3**	2.6

Details of the executive directors and prescribed officers' remuneration is included in note 37.

35. INTEREST IN SUBSIDIARIES

The Group has several subsidiary companies that are consolidated into the Group results. There are limited risks associated with these interests, as the subsidiaries operate within the same strategic objectives as the Group. There are no significant judgements applied in determining whether the Group controls the Companies it has invested in. The Group does not own any interests in special purpose or structured entities and fully consolidates all investments where the equity interest is greater than 50%.

The non-controlling interests of these subsidiaries individually are insignificant to the Group and do not pose any material restrictions on the Group's assets, liabilities, or cash flows. The aggregate net asset value of non-wholly owned subsidiaries is R411.7 million (2015: R327.0 million) of which R113.3 million (2015: R106.9 million) relates to the carrying amount of the non-controlling interest. The aggregate total comprehensive income for non-wholly owned subsidiaries is R12.4 million (2015: R25.3 million), of which R6.3 million (2015: R14.6 million) is attributable to non-controlling shareholders.

	Share capital 2016	Share holding 2015	2016 %	2015 %
Subsidiary Direct Holding				
Mpact Namibia (Pty) Limited	**N$100**	N$100	**74**	74
Embalagens Mpact Limitada	**M1.213.000**	M1.213.000	**90**	90
Mpact Operations (Pty) Limited	**R10 000**	R10 000	**90**	90
Shoebill (Pty) Limited	**BWP100**	BWP100	**100**	100
Pyramid Holdings (Pty) Limited	**BWP3.100.200**	BWP3.100.200	**51**	51
Sunko Mauritius	**R5 100**	R5 100	**100**	100

	Share capital	
	2016	2015
Subsidiaries-Indirect holding		
Lenco Corporate Finance (Pty) Limited	**R100**	R100
Versapak Holdings (Pvt) Limited	**R100**	R100
Versapak Zimbabwe (Pvt) Limited	**US$50**	US$50
Xactics Packaging (Pty) Limited	**R100**	R100
Lion Packaging Trading 57 (Pty) Limited	**R72**	R72
Magic Attitude (Pty) Limited	**R72**	R72
Mpact Versapak (Pty) Limited	**R72**	R72
Mpact Plastics Containers (Pty) Limited	**R100**	R100
Mpact Recycling (Pty) Limited	**R100**	R100
Mpact Polymers (Pty) Limited	**R100**	R100
Rebel Packaging (Pty) Limited	**R4,000**	R4,000
Detpak South Africa (Pty) Limited	**R7,143**	R,143
Remade Holdings (Pty) Limited	**R1,000**	–

The Mpact Group does not have any significant restrictions on its ability to access/use assets, or settle liabilities in any of its subsidiaries.

36. EVENTS OCCURRING AFTER THE REPORTING DATE

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

37. DIRECTORS REMUNERATION

Executive directors' and prescribed officers' remuneration

Prescribed officers are defined as having general executive control over and management of a significant portion of the Company or regularly participate therein to a material degree, and are not directors of the Company. Prescribed officers include the three highest paid non-directors.

The remuneration of the executive directors and prescribed officers, all of which are paid by MPACT Limited Group, who served during the period under review was as follows:

Rands	Year	Salary	Incentive bonus[1]	Retirement funding contribution[2]	Other cash benefits[3]	Total
Executive Directors						
BW Strong	2016	**3,654,968**	**2,775,386**	**932,769**	**319,506**	**7,682,629**
	2015	3,457,036	2,790,091	883,304	330,721	7,461,152
BDV Clark	2016	**3,132,959**	**2,130,776**	**244,938**	**301,678**	**5,810,351**
	2015	2,930,616	2,082,414	229,989	221,580	5,464,599
Total	2016	**6,787,927**	**4,906,162**	**1,177707**	**621,184**	**13,492,980**
	2015	6,387,652	4,872,505	1,113,293	552,301	12,925,751
Prescribed Officers						
RP Von Veh	2016	**3,390,215**	**2,354,632**	**266,540**	**415,367**	**6,426,754**
	2015	3,180,510	2,280,478	252,406	433,802	6,147,196
HM Thompson	2016	**3,448,185**	**2,268,478**	**284,881**	**298,324**	**6,299,868**
	2015	3,260,473	2,254,589	269,774	307,484	6,092,320
JW Hunt	2016	**1,781,538**	**1,441,988**	**508,699**	**295,144**	**4,027,369**
	2015	1,650,632	1,322,667	475,420	301,545	3,750,264
N Naidoo	2016	**2,620,027**	**1,796,764**	**207,275**	**220,860**	**4,844,926**
	2015	2,436,995	1,736,280	193,715	218,040	4,585,030
J Stumpf[4]	2016	**3,146,827**	**507,780**	**212,712**	**215,460**	**4,082,779**
	2015	710,996	–	48,344	1,053,160	1,812,500
Total	2016	**14,386,792**	**8,369,642**	**1,480,107**	**1,445,155**	**25,681,696**
	2015	11,239,606	7,594,014	1,239,659	2,314,031	22,387,310

1 *The cash portion of the incentive bonus attributable for the year ended 31 December 2015 was paid in March 2016 and therefore reflected as 2016 remuneration. Similarly, that attributable for the year ended 31 December 2014 is reflected as 2015 remuneration.*

2 *Employer contribution towards a defined contribution retirement fund.*

3 *Other cash benefits include car allowances, employer contribution to medical aid schemes, dividend equivalent bonus and other benefits.*

4 *Employed at Mpact Operations (Pty) Ltd effective 1 October 2015.*

37. DIRECTORS REMUNERATION continued

Share awards and vestings

		Bonus share plan	Performance share plan		Share appreciation rights plan	
Rands	Year	Value at grant date[1]	Value at grant date[2]	Share price gain on vesting[3]	Value at grant date[2]	Share price gain on vesting[4]
Executive Directors						
BW Strong	2016	**1,734,616**	**2,136,497**	**2,681,167**	**1,167,260**	**2,923,730**
	2015	1,743,807	1,705,201	2,853,887	1,083,823	2,376,248
BDV Clark	2016	**1,331,735**	**1,610,280**	**2,020,799**	**–**	**–**
	2015	1,301,509	499,801	836,484	–	–
Total	2016	**3,066,351**	**3,746,777**	**4,701,966**	**1,167,260**	**2,923,730**
	2015	3,045,316	2,205,002	3,690,371	1,083,823	2,376,248
Prescribed Officers						
RP Von Veh	2016	**1,471,645**	**1,616,692**	**2,028,863**	**874,439**	**2,190,278**
	2015	1,425,299	1,278,321	2,139,444	811,922	1,780,113
HM Thompson	2016	**1,417,799**	**1,175,121**	**1,474,684**	**642,111**	**1,608,347**
	2015	1,409,118	937,906	1,569,713	596,209	1,307,168
JW Hunt	2016	**901,242**	**735,732**	**923,283**	**400,208**	**1,002,433**
	2015	826,667	584,466	978,184	743,182	1,629,404
N Naidoo	2016	**1,122,977**	**–**	**–**	**–**	**–**
	2015	1,085,175	–	–	–	–
J Stumpf	2016	**317,362**	**–**	**–**	**–**	**–**
	2015	896,000	–	–	–	–
Total	2016	**5,231,025**	**3,527,545**	**4,426,830**	**1,916,758**	**4,801,058**
	2015	5,642,259	2,800,693	4,687,341	2,151,313	4,716,685

1 *Value of conditional awards based on prior year performance vesting in three (3) years.*

2 *Value of 2013 share award made at grant date, based on the number of shares vested.(2015: Value of 2012 share award made at grant date, based on the number of shares vested).*

3 *Value of the share price gain between date of grant and date of vesting relating to the 2013 share award. The value of Mpact Limited share price increased from R22.21 to R50.09 during the share award holding period. (2015: Value of the share price gain between date of grant and date of vesting relating to the 2012 share award. The value of Mpact Limited share price increased from R15.79 to R42.21 during the share award holding period).*

4 *Share price gains on the share appreciation rights plan, where the value of Mpact Limited share price increased from R13.41 to R47.00 during the share award holding period. (2015: Share price gains on the share appreciation rights plan, where the value of Mpact Limited share price increased from R13.41 to R42.81 during the share award holding period).*

Non-executive directors' remuneration

	2016		2015	
Rands	Fees paid as non-executive director	Fees paid as Trustee to the Mpact Foundation Trust	Fees paid as non-executive director	Fees paid as Trustee to the Mpact Foundation Trust
AJ Phillips	**917,921**	**–**	840,136	–
AM Thompson	**473,298**	**60,017**	459,320	–
M Makanjee[1]	**101,951**	**–**	–	–
NP Dongwana	**473,298**	**120,033**	432,513	–
NB Langa-Royds	**605,863**	**60,017**	583,753	–
TDA Ross	**578.620**	**–**	520,954	–
Total	**3,150,951**	**240,067**	2,836,676	–

1 *From date of appointment to the Board on 5 September 2016.*

Share awards granted to executive directors and prescribed officers

The following tables set out the share award grants to the executive directors and prescribed officers.

2016	Type of award [1,2,3]	Awards held at beginning of year or on appointment to the Board	Awards granted during year	Awards exercised during year	Shares lapsed	Awards held as at 31 Dec 2016	Award price basis (ZAR cents)	Date of award	Release date
Executive Director									
BW Strong	SARP	117,449	–	(87,044)	(30,40	**–**	1,341	Sep 11	Mar 16
	BSP	66,230	–	(66,230)	–	**–**	2,221	Apr 13	Mar 16
	PSP	96,184	–	(96,184)	–	**–**	2,221	Apr 13	Mar 16
	BSP	56,649	–	–	–	**56,649**	2,684	Jun 14	Mar 17
	PSP	84,377	–	–	–	**84,377**	2,684	Jun 14	Mar 17
	BSP	41,098	–	–	–	**41,098**	4,243	Apr 15	Mar 18
	PSP	95,185	–	–	–	**95,185**	4,243	Apr 15	Mar 18
	BSP	–	35,949	–	–	**35,949**	4,825	Apr 16	Mar 19
	PSP	–	88,387	–	–	**88,387**	4,825	Apr 16	Mar 19
BDV Clark	BSP	30,773	–	(30,773)	–	**–**	2,221	Apr 13	Mar 16
	PSP	72,494	–	(72,494)	–	**–**	2,221	Apr 13	Mar 16
	BSP	43,047	–	–	–	**43,047**	2,684	Jun 14	Mar 17
	PSP	63,595	–	–	–	**63,595**	2,684	Jun 14	Mar 17
	BSP	30,674	–	–	–	**30,674**	4,243	Apr 15	Mar 18
	PSP	43,044	–	–	–	**43,044**	4,243	Apr 15	Mar 18
	PSP	–	40,311	–	–	**40,311**	4,825	Apr 16	Mar 19
	BSP	–	27,600	–	–	**27,600**	4,825	Apr 16	Mar 19
Prescribed Officers									
RP Von Veh	SARP	87,986	–	(65,208)	(22,778)	**–**	1,341	Sep 11	Mar 16
	BSP	52,471	–	(52,471)	–	**–**	2,221	Apr 13	Mar 16
	PSP	72,783	–	(72,783)	–	**–**	2,221	Apr 13	Mar 16
	BSP	42,415	–	–	–	**42,415**	2,684	Jun 14	Mar 17
	PSP	68,926	–	–	–	**68,926**	2,684	Jun 14	Mar 17
	BSP	33,592	–	–	–	**33,592**	4,243	Apr 15	Mar 18
	PSP	47,189	–	–	–	**47,189**	4,243	Apr 15	Mar 18
	BSP	–	30,499	–	–	**30,499**	4,825	Apr 16	Mar 19
	PSP	–	43,819	–	–	**43,819**	4,825	Apr 16	Mar 19
HM Thompson	SARP	64,610	–	(47,883)	(16,727)	**–**	1,341	Sep 11	Mar 16
	BSP	55,573	–	(55,573)	–	**–**	2,221	Apr 13	Mar 16
	PSP	52,903	–	(52,903)	–	**–**	2,221	Apr 13	Mar 16
	BSP	44,603	–	–	–	**44,603**	2,684	Jun 14	Mar 17
	PSP	58,012	–	–	–	**58,012**	2,684	Jun 14	Mar 17
	BSP	33,210	–	–	–	**33,210**	4,243	Apr 15	Mar 18
	PSP	39,082	–	–	–	**39,082**	4,243	Apr 15	Mar 18
	BSP	–	29,383	–	–	**29,383**	4,825	Apr 16	Mar 19
	PSP	–	36,291	–	–	**36,291**	4,825	Apr 16	Mar 19
JW Hunt	SARP	40,268	–	(29,844)	(10,424)	**–**	1,341	Sep 11	Mar 16
	BSP	35,986	–	(35,986)	–	**–**	2,221	Apr 13	Mar 16
	PSP	33,122	–	(33,122)	–	**–**	2,221	Apr 13	Mar 16
	BSP	28,954	–	–	–	**28,**	2,684	Jun 14	Mar 17
	PSP	36,321	–	–	–	**36,321**	2,684	Jun 14	Mar 17
	BSP	19,483	–	–	–	**19,483**	4,243	Apr 15	Mar 18
	PSP	24,698	–	–	–	**24,698**	4,243	Apr 15	Mar 18
	BSP	–	18,678	–	–	**18,678**	4,825	Apr 16	Mar 19
	PSP	–	23,239	–	–	**23,239**	4,825	Apr 16	Mar 19
N Naidoo	BSP	5,903	–	–	–	**5,903**	2,684	Jun 14	Mar 17
	PSP	44,430	–	–	–	**44,430**	2,684	Jun 14	Mar 17
	BSP	25,576	–	–	–	**25,576**	4,243	Apr 15	Mar 18
	PSP	30,213	–	–	–	**30,213**	4,243	Apr 15	Mar 18
	BSP	–	23,273	–	–	**23,273**	4,825	Apr 16	Mar 19
	PSP	–	28,427	–	–	**28,427**	4,825	Apr 16	Mar 19
J Stumpf	BSP	21,117	–	–	–	**21,117**	4,243	Apr 15	Mar 18
	BSP	–	6,577	–	–	**6,577**	4,825	Apr 16	Mar 19
	PSP	–	33,341	–	–	**3,341**	4,825	Apr 16	Mar 19

1 Bonus share plan (BSP).
2 Performance share plan (PSP).
3 Share appreciation rights plan (SARP).

37. DIRECTORS REMUNERATION continued

Share awards granted to executive directors and prescribed officers (continued)

2015	Type of award 1,2,3	Awards held at beginning of year or on appointment to the Board	Awards granted during year	Awards exercised during year	Shares lapsed	Awards held as at 31 Dec 2015	Award price basis (ZAR cents)	Date of award	Release date
Executive director									
BW Strong	SARP	234,899	–	(80,822)	(36,628)	117,449	1,341	Sep 11	Mar 15
	BSP	83,527	–	(83,527)	–	–	1,579	Apr 12	Mar 15
	PSP	127,073	–	(108,013)	(19,060)	–	1,579	Apr 12	Mar 15
	BSP	66,230	–	–	–	66,230	2,221	Apr 13	Mar 16
	PSP	96,184	–	–	–	96,184	2,221	Apr 13	Mar 16
	BSP	56,649	–	–	–	56,649	2,684	Jun 14	Mar 17
	PSP	84,377	–	–	–	84,377	2,684	Jun 14	Mar 17
	BSP	–	41,098	–	–	41,098	4,243	Apr 15	Mar 18
	PSP	–	95,185	–	–	95,185	4,243	Apr 15	Mar 18
BDV Clark	PSP	37,246	–	(31,659)	(5,587)	–	1,579	Apr 12	Mar 15
	BSP	30,773	–	–	–	30,773	2,221	Apr 13	Mar 16
	PSP	72,494	–	–	–	72,494	2,221	Apr 13	Mar 16
	BSP	43,047	–	–	–	43,047	2,684	Jun 14	Mar 17
	PSP	63,595	–	–	–	63,595	2,684	Jun 14	Mar 17
	BSP	–	30,674	–	–	30,674	4.243	Apr 15	Mar 18
	PSP	–	43,045	–	–	43,044	4,243	Apr 15	Mar 18
Prescribed officers									
RP Von Veh	SARP	175,971	–	(60,546)	(27,439)	87,986	1,341	Sep 11	Mar 15
	BSP	69,432	–	(69,432)	–	–	1,579	Apr 12	Mar 15
	PSP	95,262	–	(80,973)	(14,289)	–	1,579	Apr 12	Mar 15
	BSP	52,471	–	–	–	52,471	2,221	Apr 13	Mar 16
	PSP	72,783	–	–	–	72,783	2,221	Apr 13	Mar 16
	BSP	42,415	–	–	–	42,415	2,684	Jun 14	Mar 17
	PSP	68,926	–	–	–	68,926	2,684	Jun 14	Mar 17
	BSP	–	33.592	–	–	33,592	4,243	Apr 15	Mar 18
	PSP	–	47,189	–	–	47,189	4,243	Apr 15	Mar 18
HM Thompson	SARP	129,219	–	(44,460)	(20,149)	64,610	1,341	Sep 11	Mar 15
	BSP	70,715	–	(70,715)	–	–	1,579	Apr 12	Mar 15
	PSP	69,893	–	(59,410)	(10,483)	–	1,579	Apr 12	Mar 15
	BSP	55,573	–	–	–	55,573	2,221	Apr 13	Mar 16
	PSP	52,903	–	–	–	52,903	2,221	Apr 13	Mar 16
	BSP	44,603	–	–	–	44,603	2,684	Jun 14	Mar 17
	PSP	58,012	–	–	–	58,012	2,684	Jun 14	Mar 17
	BSP	–	33,210	–	–	33,210	4,243	Apr 15	Mar 18
	PSP	–	39,082	–	–	39,082	4,243	Apr 15	Mar 18
JW Hunt	SARP	100,931	–	(55,420)	(5,243)	40,268	1,341	Sep 11	Mar 15
	BSP	44,487	–	(44,487)	–	–	1,579	Apr 12	Mar 15
	PSP	43,555	–	(37,022)	(6,533)	–	1,579	Apr 12	Mar 15
	BSP	35,986	–	–	–	35,986	2,221	Apr 13	Mar 16
	PSP	33,122	–	–	–	33,122	2,221	Apr 13	Mar 16
	BSP	28,954	–	–	–	28,954	2,684	Jun 14	Mar 17
	PSP	36,321	–	–	–	36,321	2,684	Jun 14	Mar 17
	BSP	–	19,483	–	–	19,483	4,243	Apr 15	Mar 18
	PSP	–	24,698	–	–	24,698	4,243	Apr 15	Mar 18
N Naidoo	BSP	5,903	–	–	–	5,903	2,684	Jun 14	Mar 17
	PSP	44,430	–	–	–	44,430	2,684	Jun 14	Mar 17
	BSP	–	25,576	–	–	25,576	4,243	Apr 15	Mar 18
	PSP	–	30,213	–	–	30,213	4,243	Apr 15	Mar 18
J Stumpf	BSP	–	21,117	–	–	21,117	4,243	Apr 15	Mar 18

1 Bonus share plan (BSP).
2 Performance share plan (PSP).
3 Share appreciation rights plan (SARP).

NOTES

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