

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

AUDITED SUMMARISED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013 AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

- Revenue of R7.7 billion up 12.9%
- Underlying operating profit up 12.0% to R654.8 million
- Basic underlying earnings per share up 22.2% to 233.5 cents (December 2012: 191.1 cents)
- Return on Capital Employed (ROCE) up to 17.3% (December 2012: 16.0%)
- Gearing decreased to 28.1% (December 2012: 28.6%)
- Final gross cash dividend up 16% to 58 cents per share (December 2012: 50 cents per share)

COMPANY PROFILE

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

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

As at 31 December 2013 Mpact employed 3,998 people.

COMMENTARY

The directors of Mpact are pleased to present a set of results for the financial year ended 31 December 2013 which reflect a solid operating performance and sound business strategy. Strong growth in the fruit sector translated to growth in packaging and bulk bins which was partially offset by subdued growth in the broader economy. The weaker rand improved our export competitiveness as well as the relative competitive position of the Group's manufactured products compared to imported substitutes, especially in the Paper business. The benefits derived from the weaker rand in the Paper business were partially offset in the Plastics business, where polymer price increases reflected the levels of currency depreciation. While there was some price recovery in the last quarter of the financial year in both the Paper and Plastics businesses, polymer price increases in the Plastics business remain materially under-recovered.

In September 2013 the Group acquired a 51% interest in Detpak South Africa, a niche manufacturer of paper and board packaging for the Quick Service Restaurant sector. This acquisition provides Mpact the opportunity to expand its paper converting business servicing both domestic and export markets.

GROUP PERFORMANCE

Revenue of R 7.7 billion was 12.9% higher than the comparable prior year period, attributable mainly to volume growth in the Plastics business and higher average selling prices. External sales volume growth of 4.0% was achieved during the year.

Underlying operating profit increased by 12.0% to R654.8 million. The under recovery of raw material price increases led to the operating profit margin decreasing to 8.5% from 8.6% in the comparable prior year period. ROCE for the year improved to 17.3% (December 2012: 16.0%).

Underlying earnings per share improved by 22.2%, compared to the prior year, to 233.5 cents per share as a result of the increase in operating profit, lower finance costs and a lower effective tax rate.

Paper business

Revenue for the year was up 10.5% to R5,574.0 million with external sales volume growth of 3.2%. Higher average selling prices are attributable to increases implemented during the last quarter of 2012 to cover input cost escalation, as well as good sales volume growth in higher value products such as white top liner and fruit boxes, yielding a favourable product mix variance.

Underlying operating profit increased by 13.0% to R635.3 million while the operating profit margin increased to 11.4% (2012: 11.2%) primarily as a result of stringent cost control and a favourable product mix.

Plastics business

Revenue increased by 19.4% to R2,123.8 million mainly due to volume growth of 10.7%. The preform and closure business benefited from good growth in the beverage sector while growth in the agricultural sector benefited the styrene and bulk bin businesses. Average selling price increases achieved during the year were insufficient to fully offset polymer price increases of more than 20%. Consequently, underlying operating profit declined by 9.3% to R105.8 million (2012: R116.7 million) and the underlying operating profit margin decreased to 5.0% (2012: 6.6%).

Special items

For the year ended 31 December 2013, special items amounted to R2.4 million in respect of impairment of assets. (December 2012: R5.4 million related to a settlement charge in respect of the defined benefit pension plan.)

Net finance costs

Net finance costs of R114.2 million were lower than the comparable prior year by 10.6% due to lower average net debt and lower average interest rates during the year.

Tax

The effective tax rate of 27.4% is lower than the prior year of 30.0% due to the repayment in 2012 of a loan on which the interest was not tax deductible. Tax payments of R122 million were made during the year (December 2012: R38 million) primarily due to the Company's assessed loss being fully utilised during the course of the current year.

Earnings per share

Basic and headline earnings per ordinary share for the year were 232.5 cents (December 2012: 188.5 cents) and 233.3 cents (December 2012: 187.5 cents) respectively. Underlying earnings per share increased 22.2% versus the comparable prior year period from 191.1 cents to 233.5 cents.

Net debt

Net debt at 31 December 2013 was R1,116 million, an increase of R60 million from the prior year after capital expenditure of R387 million and acquisitions of R84 million. Average net debt was 3.3% lower than the comparable prior year.

Cash Dividend

The Board has declared a final gross cash dividend of 58 cents per ordinary share payable on Monday, 12 May 2014. In terms of the Income Tax Act, the dividend has been declared from income reserves; the Dividend Withholding Tax rate is 15%. Mpact has no STC credits. The net dividend amount is 49.30 cents per share for shareholders liable to pay Dividends Tax and 58 cents per share for shareholders exempt from paying Dividends Tax. The number of issued shares at the date of declaration is 163,575,656.

The salient dates for the dividend are as follows:

Last day to trade to receive a dividend	Wednesday, 30 April 2014
Shares commence trading "ex" dividend	Friday, 2 May 2014
Record date	Friday, 9 May 2014
Payment date	Monday, 12 May 2014

Share certificates may not be dematerialised or rematerialised between Friday, 2 May 2014 and Friday, 9 May 2014, both days inclusive.

OUTLOOK

Subdued demand growth in South Africa is expected to be a challenge during 2014 which could be compounded by further raw material cost inflation driven by the current exchange rate. Despite this we are confident in our strategy and will look to implement projects in the paper and plastic packaging sectors across the region that will ensure sustainable growth and profitability for Mpact.

As part of the implementation of the Group's strategy, the Board has approved a capital investment of R765 million in Mpact's Felixton paper mill, situated near Empangeni in KwaZulu-Natal, to enhance our product offering and cost competitiveness in line with global trends and to increase capacity. Improvements in energy efficiency and the mill's environmental footprint will also be realised. Board approval follows positive and active engagement with the Department of Trade and Industry who have been very supportive of the project. R155 million will be invested in the first phase which is expected to be completed during the first half of 2015 while the last phase will be completed in 2017.

Change in directorate

There has been no change to the Board of directors for the year ended 31 December 2013.

AJ Phillips
Chairman

BW Strong
Chief Executive Officer

5 March 2014

Directors:

Independent Non-Executive:

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

Executive:

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

Company secretary:

MN Sepuru

Registered office:

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

Transfer secretaries:

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

Sponsors:

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

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R'm	<u>2012</u> R'm
Revenue		7,697.8	6,820.8
Cost of sales		(4,746.7)	(4,079.7)
Gross margin		<u>2,951.1</u>	<u>2,741.1</u>
Administration and other operating expenses		(1,940.9)	(1,835.0)
Depreciation, amortisation and impairments		(357.8)	(327.4)
Operating profit	3/4	<u>652.4</u>	<u>578.7</u>
Share of profit from equity accounted investees		9.8	8.6
Total profit from operations and equity accounted investees		<u>662.2</u>	<u>587.3</u>
Net finance costs		(114.2)	(127.8)
Investment income		6.9	9.9
Finance costs		(121.1)	(137.7)
Profit before taxation		<u>548.0</u>	<u>459.5</u>
Tax charge		(150.4)	(138.0)
Profit for the year		<u>397.6</u>	<u>321.5</u>
Other comprehensive income:			
Effects of cash flow hedges		10.4	(4.7)
Tax effect		(2.9)	1.3
Actuarial gains (losses) on post-retirement benefit scheme		12.0	(1.1)
Tax effect		(3.4)	0.3
Exchange differences on translation of foreign operations		6.4	(0.1)
Other comprehensive income (loss) for the financial year net of tax		<u>22.5</u>	<u>(4.3)</u>
Total comprehensive income for the year		<u>420.1</u>	<u>317.2</u>
Attributable to:			
Non-controlling interests in subsidiaries		17.7	12.7
Equity holders of Mpact		402.4	304.5
		<u>420.1</u>	<u>317.2</u>

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME (continued)

for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R'm	<u>2012</u> R'm
Profit from operations		397.6	321.5
Attributable to:			
Non-controlling interests in subsidiaries		17.5	12.7
Equity holders of Mpact		380.1	308.8
		<u> </u>	<u> </u>
Earnings per share (EPS) for profit attributable to equity holders of Mpact			
Basic EPS (cents)	5	232.5	188.5
Diluted EPS (cents)	5	230.5	187.9
		<u> </u>	<u> </u>

SUMMARISED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R'm	<u>2012</u> R'm
Goodwill and other intangible assets		1,083.8	1,057.1
Property, plant and equipment		2,076.0	1,999.2
Investments in equity accounted investees		80.0	70.2
Financial asset investments		24.9	10.6
Deferred tax assets		11.1	6.0
Derivative financial instruments		4.6	-
Non-current assets		<u>3,280.4</u>	<u>3,143.1</u>
Inventories		944.1	826.7
Trade and other receivables		1,571.6	1,462.9
Cash and cash equivalents		402.3	399.5
Derivative financial instruments		3.6	2.7
Current tax receivable		4.5	1.6
Current assets		<u>2,926.1</u>	<u>2,693.4</u>
Total assets		<u>6,206.5</u>	<u>5,836.5</u>
Short-term borrowings		397.3	332.8
Trade and other payables		1,464.8	1,478.6
Current tax liabilities		7.6	1.5
Provisions		1.3	1.8
Other current liabilities		2.7	25.6
Derivative financial instruments		0.8	0.8
Deferred income		1.9	-
Current liabilities		<u>1,876.4</u>	<u>1,841.1</u>
Non-current borrowings		1,120.8	1,122.3
Retirement benefits obligation		54.0	63.1
Deferred tax liabilities		202.5	161.4
Other non-current liabilities		54.7	-
Derivative financial instruments		-	6.2
Deferred income		14.5	-
Non-current liabilities		<u>1,446.5</u>	<u>1,353.0</u>
Total liabilities		<u>3,322.9</u>	<u>3,194.1</u>
Stated capital	6	2,326.0	2,326.0
Retained earnings		478.8	215.6
Other reserves		(19.3)	11.2
Total attributable to equity holders of Mpact		<u>2,785.5</u>	<u>2,552.8</u>
Non-controlling interests in subsidiaries		98.1	89.6
Total equity		<u>2,883.6</u>	<u>2,642.4</u>
Total equity and liabilities		<u>6,206.5</u>	<u>5,836.5</u>

SUMMARISED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	<u>Notes</u>	<u>2013</u> R'm	<u>2012</u> R'm
Operating cash flows before movements in working capital		1,027.9	913.7
Net increase in working capital		(220.6)	(48.4)
Cash generated from operations		807.3	865.3
Dividends from equity accounted investees		3.1	7.5
Taxation paid		(121.8)	(38.3)
Net cash inflows from operating activities		688.6	834.5
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash	7	(51.7)	(7.1)
Replacement of property, plant and equipment		(387.4)	(362.5)
Government grant received		18.9	-
Proceeds from the disposal of property, plant and equipment		2.6	4.6
Additions to intangible assets		-	(8.9)
Loan repayments from related parties		-	1.6
Loan advances to external parties		(14.3)	(1.6)
Interest received		6.9	9.9
Acquisition of non-controlling interest in a subsidiary		(4.3)	(1.8)
Net cash outflows from investing activities		(429.3)	(365.8)
Cash flows from financing activities			
Borrowings raised (repaid)		47.4	(261.5)
Finance costs paid		(112.6)	(102.0)
Dividends paid to non-controlling interests		(7.1)	(4.3)
Dividends paid to equity holders of Mpac Limited		(117.7)	(98.3)
Purchase of treasury shares		(30.3)	-
Repurchase of shares		-	(8.1)
Repayment of other non-current liabilities		(27.7)	(20.3)
Net cash outflows from financing activities		(248.0)	(494.5)
Net increase (decrease) in cash and cash equivalents		11.3	(25.8)
Cash and cash equivalents at beginning of year ¹		381.1	406.9
Cash and cash equivalents at end of year¹		392.4	381.1

¹ Cash and cash equivalents net of overdrafts.

SUMMARISED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Stated capital	Share- based payment reserves	Cash flow hedge reserves	Post- retirement benefit reserves	Other reserves ¹	Treasury shares	Retained earnings/ (accumul- ated loss)	Total attributable to equity holders of Mpact Ltd	Non- controlling interests	Total equity
	R'm	R'm	R'm	R'm	R'm	R'm	R'm	R'm	R'm	R'm
Balance at 31 December 2011	2,334.1	1.8	-	17.1	(41.4)	-	(10.5)	2,301.1	110.9	2,412.0
Total comprehensive income for the year	-	-	(3.4)	(0.8)	(0.1)	-	308.8	304.5	12.7	317.2
Dividends paid	-	-	-	-	-	-	(98.3)	(98.3)	-	(98.3)
Share buy back ²	(8.1)	-	-	-	-	-	-	(8.1)	-	(8.1)
Share plan charges for the year	-	8.5	-	-	-	-	-	8.5	-	8.5
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4.3)	(4.3)
Reclassification of pension fund reserve	-	-	-	(16.6)	-	-	16.6	-	-	-
Decrease in non-controlling interest and put option exercised ³	-	-	-	-	46.1	-	(1.0)	45.1	(29.7)	15.4
Balance at 31 December 2012	2,326.0	10.3	(3.4)	(0.3)	4.6	-	215.6	2,552.8	89.6	2,642.4
Total comprehensive income for the year	-	-	7.5	8.6	6.2	-	380.1	402.4	17.7	420.1
Dividends paid	-	-	-	-	-	-	(117.7)	(117.7)	-	(117.7)
Purchase of treasury shares ⁴	-	-	-	-	-	(30.3)	-	(30.3)	-	(30.3)
Share plan charges for the year	-	21.1	-	-	-	-	-	21.1	-	21.1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(7.1)	(7.1)
Reclassification	-	-	-	-	(0.7)	-	0.1	(0.6)	0.6	-
Decrease in non-controlling interest and put option exercised ³	-	-	-	-	13.2	-	(0.6)	12.6	(11.7)	0.9
Issue of shares under employee share scheme	-	(1.3)	-	-	-	-	1.3	-	-	-
Put option held by non-controlling shareholder of subsidiary ⁵	-	-	-	-	(54.8)	-	-	(54.8)	12.1	(42.7)
Increase in shareholding in a subsidiary ⁶	-	-	-	-	-	-	-	-	(3.1)	(3.1)
Balance at 31 December 2013	2,326.0	30.1	4.1	8.3	(31.5)	(30.3)	478.8	2,785.5	98.1	2,883.6

^{1.} Other reserves consist of the option to equity holder reserve and currency translation adjustment reserve.

^{2.} On 13 July 2012 the Company repurchased 470 820 shares as a result of an odd-lot and specific offer.

^{3.} Minority shareholders of a group subsidiary exercised their put option which resulted in a decrease in their shareholding.

^{4.} Treasury shares purchased represent the cost of shares in Mpact Ltd purchased in the market and held by the Mpact Incentive Share Trust to satisfy share awards under the Group's share schemes. As at 31 December 2013, there are 1 010 000 treasury shares on hand.

^{5.} During the current year the Mpact Group acquired a subsidiary. The minority shareholders of the subsidiary have a put option to sell the remainder of their interest to the Mpact Group at a future date.

^{6.} The group increased its shareholding in a subsidiary by 3% for a consideration of R4.3 million.

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. Basis of preparation

These summarised, consolidated financial statements are prepared in accordance with the requirements of the JSE Listing Requirements for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listing Requirements requires preliminary reports to be prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (in particular IAS 34: Interim Financial Reporting), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council.

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

2 Accounting policies

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

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

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

These summarised consolidated financial statements for the year ended 31 December 2013 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. Any reference to future financial performance included in this announcement has not been reviewed or reported on the Company's auditors.

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

3. OPERATING SEGMENTS

Operating segment revenue

	2013			2012		
	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	5,593.8	(19.8)	5,574.0	5,058.6	(16.2)	5,042.4
Plastics	2,123.8	-	2,123.8	1,778.6	(0.2)	1,778.4
Segments total	7,717.6	(19.8)	7,697.8	6,837.2	(16.4)	6,820.8
Inter-segment elimination	(19.8)	19.8	-	(16.4)	16.4	-
Total	7,697.8	-	7,697.8	6,820.8	-	6,820.8

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

	2013 R'm	2012 R'm
Operating segment underlying operating profit/(loss)		
Paper	635.3	562.4
Plastics	105.8	116.7
Corporate	(86.3)	(94.4)
Segments total	654.8	584.7
Special items ¹	(2.4)	(6.0)
Share of equity accounted investees' profit	9.8	8.6
Net finance costs	(114.2)	(127.8)
Profit before tax	548.0	459.5
Significant components of operating profit		
Depreciation, amortisation and impairment		
Paper	199.3	183.6
Plastics	134.1	110.1
Corporate	24.4	33.7
Segments total	357.8	327.4
Operating segment assets		
Segment assets²		
Paper	3,112.5	2,837.4
Plastics	1,360.5	1,296.0
Corporate	1,101.2	1,093.4
Inter-segment elimination	(2.8)	(2.6)
Segment total	5,571.4	5,224.2
Unallocated:		
Investments in equity accounted investees	80.0	70.2
Deferred tax assets	11.1	6.0
Other non-operating assets ³	116.8	126.0
Trading assets	5,779.3	5,426.4
Financial asset investments	24.9	10.6
Cash and cash equivalents	402.3	399.5
Total assets	6,206.5	5,836.5

¹ Special item includes an impairment charged on property, plant and equipment of R2.4 million. (2012: Impairment charged on property, plant and equipment of R0.6 million and a defined benefit pension plan settlement charge of R5.4 million.)

² Segment assets are operating assets and as at 31 December 2013 consist of property, plant and equipment of R2,076.0 million (2012: R1,999.2 million), goodwill and other intangible assets of R1,083.8 million (2012: R1,057.1 million), inventories of R944.1 million (2012: R826.7 million) and operating receivables of R1,467.5 million (2012: R1,341.2 million).

³ Other non-operating assets consist of derivative assets of R8.2 million (2012: R2.7 million), other non-operating receivables of R104.1 million (2012: R121.7 million) and current tax receivable of R4.5 million (2012: R1.6 million).

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	<u>2013</u> R'm	<u>2012</u> R'm
4. OPERATING PROFIT		
Operating profit for the year has been arrived at after charging:		
Impairment charge of property, plant and equipment	2.4	0.6
Depreciation of property, plant and equipment	346.8	310.2
Amortisation of intangibles	8.6	16.6
5. EARNINGS PER SHARE		
	<u>Cents per share</u>	
	<u>2013</u>	<u>2012</u>
Earnings per share (EPS)		
Basic EPS	232.5	188.5
Diluted EPS	230.5	187.9
Headline earnings per share for the financial year¹		
Basic headline EPS	233.3	187.5
Diluted headline EPS	231.3	186.9
Underlying earnings per share for the financial year²		
Basic underlying EPS ³	233.5	191.1
Diluted underlying EPS ³	231.5	190.5

¹ The presentation of Headline EPS is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with **Circular 2/2013**, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

² Underlying EPS excludes the impact of special items.

³ Underlying earnings is arrived at by adjusting the profit attributable to equity holders of Mpact for special items, net of tax. (see note 2, segment underlying operating profit)

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

	<u>Earnings</u>	
	<u>2013</u> R'm	<u>2012</u> R'm
Profit for the financial year attributable to equity holders of Mpact	380.1	308.8
Impairment of tangible assets	2.4	0.6
Profit on disposal of tangible assets	(0.7)	(2.9)
Related tax	(0.4)	0.6
Headline earnings for the financial year	381.4	307.1
	<u>Weighted number of shares</u>	
	<u>2013</u>	<u>2012</u>
Weighted average number of ordinary shares outstanding	163,510,495	163,825,216
Effect of dilutive potential ordinary shares ¹	1,404,161	533,954
Diluted number of ordinary shares outstanding	164,914,656	164,359,170

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.

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	<u>2013</u> R'm	<u>2012</u> R'm
6. STATED CAPITAL		
Authorised share capital		
217,500,000 shares of no par value	-	-
Issued share capital		
Issue of 163,575,656 shares of no par value	2,326.0	2,334.1
Repurchase of shares	-	(8.1)
	<u>2326.0</u>	<u>2,326.0</u>

On 13 July 2012 the listing of 470,820 ordinary shares of no par value was withdrawn in terms of the Company's specific repurchase of shares, in terms of odd lot and specific offer.

7. BUSINESS COMBINATIONS

- (a) On 6 February 2013 the Group acquired a PET business at fair value for R15 million. Profit for the period arising on this acquisition was not material to the Group. Assets acquired relates to Property, plant and equipment.
- (b) On 25 September 2013, the Group acquired a 51% interest in Detpak South Africa (Pty) Ltd, for a purchase consideration of R37.1 million. Profit for the year arising on this acquisition was not material for the Group.

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

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

- (c) In the prior year, the Group acquired a PET tray business as a going concern. Profit for the year arising on this acquisition was not material to the Group.

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

	<u>2012</u> R'm
Total non-current assets	10.7
Total current assets	12.5
Total current liabilities	(11.7)
Total non-current liabilities	(3.5)
Net assets acquired	<u>8.0</u>
Overdrafts	(0.9)
Net cash paid	<u>7.1</u>

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2013

	<u>2013</u> R'm	<u>2012</u> R'm
8. CAPITAL COMMITMENTS		
Contracted for,	111.1	62.5
Approved, not yet contracted for	66.9	43.2
	<hr/>	<hr/>
	178.0	105.7
	<hr/> <hr/>	<hr/> <hr/>

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

9. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a. Contingent liabilities for the Group comprise aggregate amounts at 31 December 2013 of R7.4 million (2012: R7.7 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 the prior year 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 2014 to 2018, subject to a maximum amount of R15.7 million. (December 2012: R18.4 million)
- d. There were no significant contingent assets for the Group at 31 December 2013 and 31 December 2012.

10. RELATED PARTY TRANSACTIONS

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

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

11. POST-BALANCE SHEET EVENTS

The Board has approved a capital investment of R765 million in Mpact's Felixton paper mill. R155 million will be invested in the first phase which is expected to be completed during the first half of 2015 while the last phase will be completed in 2017.