ASTRAPAK

Integrated Annual Report 2016

CHARTING A NEW COURSE

Glossary of terms

This report contains a number of terms which are explained below:

B-BBEE	Broad-based black economic empowerment
BOS	Business operating system
CEO	Chief Executive Officer
CEPPAWU	Chemical, Energy, Paper, Printing, Wood, and Allied Workers Union
CO_2e	Carbon dioxide equivalent (a measure of greenhouse gas emissions)
DEA	Department of Environmental Affairs (South Africa)
DIFR	Disabling Injury Frequency Rate
EBM	Extrusion blow moulding
ERM	Enterprise Risk Management
FSSC	Food Safety System Certification (referring to the FSSC 2200 standard)
GHG	Greenhouse gases
GRI	Global Reporting Initiative
HACCP	Hazard Analysis and Critical Control Points (referring to the US Food and Drug Administration standard)
HDPE	High-density polyethylene
IBM	Injection blow moulding
IM	Injection moulding
ISBM	Injection stretch blow moulding
ISO	International Standardisation Organisation
JSE	Johannesburg Stock Exchange
King III	Third Report of the King Commission on Corporate Governance in South Africa
kWh	Kilowatt hour
LDPE	Low-density polyethylene
LLDPE	Linear low-density polyethylene
MAP	Modified atmospheric packaging
MEIBC	Metal and Engineering Industries Bargaining Council
MEWUSA	Metal and Electrical Workers Union of South Africa
MWh	Megawatt hour
NQF	National Qualification Framework
NUMSA	National Union of Metalworkers of South Africa
OHS	Occupational Health and Safety
PAS	Publicly Available Specification (referring to the British PAS 223 standard)
PET	Polyethylene terephthalate
PETCO	PET Plastics Recycling South Africa
PIFSA	Printing Industries Federation of South Africa
POLYCO	Polyolefin Recycling Company of South Africa
PP	Polypropylene
PSPC	Polystyrene Packaging Council of South Africa
R-HDPE	Recycled HDPE
R-PET	Recycled PET
Scope 1 emissions	Total GHG emissions from sources owned or controlled by Astrapak and its subsidiaries. This includes CO_2e from fossil fuels and processes, company leased/owned vehicles, waste and waste water treatment, make-up chemicals and other GHG
Scope 2 emissions	Total GHG emissions from sources that are related to generation of purchased energy outside the company boundaries
Scope 3 emissions	Total GHG emissions from the production of purchased material, outsourced activities, disposal of waste and business travel
VOC	Volatile organic compound

Financial (R'000)

R1 840 507
Total assets
(2015: R2 094 539)

R132 490
Capital expenditure
(2015: R158 038)

R1 348 370
Revenue
(2015: R1 388 606)

R44 289
Operating profit
(2015: R61 511)

53,4%
Gross contribution margin
(2015: 48,7%)

Production

28 269
tons converted and sold
(2015: 28 569)

1 681
Number of employees
(2015: 1 692)

9 **continuing operations**
+3 **held-for-sale**
Production facilities
(2015: 9 continuing operations
6 held for sale
3 discontinued)

Eco-social footprint

126 824
Total water input
(kilolitres) (2015: 115 915)

70 884 073
Energy usage (kWh)
(2015: 71 243 869)

73 312
Scope 1 and 2 emissions
(tons CO_2e) (2015: 74 509)

1 217
Waste to landfill (tons)
(2015: 1 392)

About this integrated annual report

Scope and boundaries

The Astrapak 2016 integrated annual report presents a holistic review of the Group's financial and non-financial performance for its financial year 1 March 2015 to 29 February 2016. In this report, we provide a concise outline of the material activities of the Group, our subsidiaries and joint ventures. Our intention in this report is to provide the information that will enable shareholders, potential investors and all other stakeholders to make decisions on the value creation offered by Astrapak, as well as our social and environmental impacts.

Operational activities are commented on in the broader context of the plastics industry and the macroeconomic climate. The report further discusses Astrapak's concluded restructuring, its risks and opportunities, as well as forward planning for sustainable growth. The report represents a further milestone along the road to the integrated and targeted reporting that shareholders, stakeholders and potential investors require to form well-informed opinions on Astrapak.

This integrated annual report (excluding the annual financial statements) was prepared in compliance with the South African Companies Act, No 71 of 2008 ("the Companies Act of 2008"); the Listings Requirements of the JSE Stock Exchange ("JSE"), and best practice guidelines as recommended by the King Report on Corporate Governance in South Africa ("King III"). The report has incorporated certain principles from the voluntary Global Reporting Initiative G4 ("GRI G4") Reporting Standard, and the International Integrated Reporting Council Integrated Reporting Framework ("<IR> Framework").

The annual financial statements have been prepared in accordance with the Companies Act of South Africa, International Financial Reporting Standards of the International Accounting Standards Board, SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and the interpretations issued by the IFRS Interpretations Committee.

Abbreviations used throughout this report are defined in the glossary of terms on the inside front cover.

Assurance

Astrapak's financial statements for the period were independently audited by Deloitte. We are not yet in a position to assure the non-financial aspects of this report. This assurance by independent assessors will be considered when a standard is universally accepted and as our corporate journey into integrated reporting continues.

Feedback on report

We welcome your feedback on this integrated annual report. Please email your comments to integratedreport@astrapak.co.za.

Getting your Astrapak report

Download it in PDF format from www.astrapak.co.za, or request your printed copies from: integratedreport@astrapak.co.za.

Astrapak Global sustainability criteria

See our website

This QR code will take you to the Astrapak website where you can access any investor information as well as the 2016 Annual Integrated Report and 2016 Annual Financial Statements. Download an application for your phone, take a picture of the code and the relevant page will open in your browser window.

www.astrapak.co.za

Board responsibility statement

The Board acknowledges its responsibility to ensure the accuracy of this 2015/16 integrated annual report. The Board has applied its collective expertise to this report and, in its opinion, this report addresses all material issues and presents an integrated and accurate view of Astrapak's performance in the year under review. This integrated annual report was prepared in accordance with the recommendations of the King III Report and was informed by the GRI G4 Reporting Standard and the <IR> Framework, to the fullest extent that Astrapak's management policies and procedures presently enable.

Phumzile Langeni
Chairman

Robin Moore
Chief Executive Officer

Materiality

In the opinion of the Board, the information presented in this integrated annual report is the most relevant or "material" to the interests of our shareholders and key stakeholders. The Board and management involved with Astrapak's governance evaluated the source information with two primary questions in mind: "Who is our reporting aimed at?" and "What decisions will they be able to make from our reporting?"

When deciding what information should be included in this report, the Board considered the relative importance of each matter in terms of the known or potential effects of these on Astrapak's ability to continue creating value. These were then prioritised for relevance to the report users, so that non-pertinent information could be set aside.

We intend the result to be an accurate and complete integrated annual report, yet unburdened with the peripheral data that tends to confuse rather than enlighten. You are welcome to request more detailed information on any particular aspects.

Forward looking statements

Certain statements in this integrated annual report including, without limitation, those concerning the economic outlook for the packaging industry, expectations regarding commodity prices, production, cash costs and other operating results, growth prospects and the outlook for Astrapak's operations, including the completion and initiation of commercial operations of certain Astrapak exploration and production projects, and its liquidity, capital resources and expenditure, contain certain forward looking statements regarding Astrapak's operations, economic performance and financial condition.

Although Astrapak believes that the expectations and the outcome reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been or will be correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government action, fluctuations in commodity prices and exchange rates, and business and operational risk management. For a discussion of such factors, refer to the risk factors as detailed in the corporate governance section of this integrated annual report.

Our vision

To be a world-class manufacturer of primary and secondary plastic packaging products within a sustainable and all-inclusive environment.

Our mission

To be the preferred supplier of plastic packaging in our chosen markets and market sectors.

Encapsulated within our vision and mission are the principles of being a world-class manufacturer and a preferred supplier to our clients. By definition, this will require us to rank among the foremost packaging companies, both internationally and in South Africa. We believe that neither of these principles can be achieved without fully integrating sustainability in all its facets into the Group's core strategy. This core strategy is built on developing and empowering our people and improving the productivity of our assets by adopting world-class principles within various disciplines.

Group overview

The six capitals

Introduction

Astrapak's integrated annual report for its 2015/16 financial year has once again been prepared taking into account the principles of the Integrated Reporting Framework (hereafter referred to as "the IR Framework") published in November 2013 by the International Integrated Reporting Council ("IIRC"). Our understanding and our application of these principles continues to develop over time.

As such, it is intended to provide an overview of the financial and non-financial value created by Astrapak through its activities, for the Company's shareholders and other identified stakeholder groups. The report is intended to be read in conjunction with Astrapak's sustainability report for the 2015/16 financial year, which has also been aligned with the principles of the GRI G4 Reporting Standard. Both the integrated annual report and the sustainability report are available on the Astrapak website at www.astrapak.co.za. For additional information regarding the report and its contents, readers are invited to contact Helmien Raath at hraath@astrapak.com.

Fundamental concepts

According to the IR Framework, an integrated report should include a description of the activities of a reporting organisation in terms of two fundamental concepts. The first of these is the concept of value creation for the reporting organisation and its principal stakeholders, while the second concerns the Framework's six capitals model.

Value creation

The objective of an integrated report is to explain the manner in which an organisation creates value over time. Such value is, of course, not created solely by or within the reporting organisation, but is instead dependent on various resources, influenced by the organisation's external environment, and created through relationships with stakeholders.

Consequently, an integrated report aims to provide insights regarding the external environment that affects the reporting organisation and the resources and relationships that are both used by the organisation in the value creation process, and that are impacted by this process. Within the IR Framework, these resources and relationships are referred to as capitals.

The six capitals

As mentioned, the IR Framework defines the resources and relationships that are both used by reporting organisations in their value creation processes, and that are impacted by these processes, as various forms of capital. The Framework goes on to identify six forms of capital, against which organisations are encouraged to report their activities, namely financial, manufactured, intellectual, human, social and natural capital.

In this regard, the understanding of Astrapak regarding the form and definition of each of the six capitals is as follows:

- Financial capital is defined as the pool of funds available for the Company to utilise in its production processes, whether these are obtained through financing or generated through operations or investments.
- Manufactured capital refers to manufactured physical objects that are used in production processes, including buildings, equipment (plant and machinery) and infrastructure (roads, ports, bridges or waste and water treatment plants).
- Intellectual capital includes organisational knowledge-based intangibles such as intellectual property (patents, copyrights, software, rights and licences) and organisational capital (tacit knowledge, systems, procedures and protocols – sometimes also referred to as institutional capacity or institutional memory).
- Human capital refers to the competencies, capabilities and experience of individuals employed within an organisation. It also includes their alignment with and support for an organisation's governance framework, risk management approach, and ethical values, their ability to understand, develop and implement the organisation's strategy, their loyalties and motivations for improving processes, goods and services and their ability to lead, manage and collaborate.
- Social and relationship capital is defined as the institutions and relationships within and between communities, stakeholder groups and other networks, and the ability to share information so as to enhance individual and collective well-being. It includes shared norms, common values and behaviours, key stakeholder relationships, and intangibles associated with the brand and reputation of an organisation. In certain contexts, it is referred to as an organisation's social licence to operate.
- Natural capital is generally considered to refer to all renewable and non-renewable environmental resources and processes providing goods or services that support the past, current or future progress or well-being of an organisation, community or society. It includes air, water, and land, minerals and forests, biodiversity and eco-system health.

The guiding principles of the International Integrated Reporting Framework

According to the IR Framework, the preparation of the integrated report should be undertaken according to the following guiding principles:

- Strategic focus and future orientation – An integrated report should provide insight into the organisation's strategy and how it relates to the organisation's ability to create value in the short, medium and long term, and to its use of and effects on the capitals.
- Connectivity of information – An integrated report should show a holistic picture of the combination, inter-relatedness and dependencies between the factors that affect the organisation's ability to create value over time.
- Stakeholder relationships – An integrated report should provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests.
- Materiality – An integrated report should disclose information about matters that substantively affect the organisation's ability to create value over the short, medium and long term.
- Conciseness – An integrated report should be concise.
- Reliability and completeness – An integrated report should include all material matters, both positive and negative, in a balanced way and without material error.
- Consistency and comparability – The information in an integrated report should be presented:
  - on a basis that is consistent over time; and
  - in a way that enables comparison with other organisations to the extent it is material to the organisation's own ability to create value over time.

Who we are

Our business profile

Astrapak is a specialised manufacturer and distributor of an extensive range of rigid plastic packaging products manufactured using moulding and forming processes. Plastic packaging protects preserves and enables efficient distribution. With our customers and end consumers focusing increasingly on convenience, value, health, well-being and sustainability, plastic as a packaging medium is set to increase its share of modern living.

The Group focuses on innovation-led growth in plastic packaging and is structured for long-term financial sustainability through a balance of organic and project growth.

Astrapak, along with each of its subsidiary companies, is registered in South Africa under the Companies Act, No 71 of 2008. The Group holding company, Astrapak Limited, is listed on the Johannesburg Stock Exchange, with its shares traded under the code APK.

Astrapak's head office is located at 25A Old Main Road, Gillitts, Durban, KwaZulu-Natal, South Africa.

How we are structured

Business structure, business restructure and new business

The Group has fundamentally restructured over the three years to focus on its moulding and forming operations. These operations have been consolidated into one operating unit. As a result of the restructuring, the Group's operations are categorised as follows:

CONTINUING OPERATIONS			HELD-FOR-SALE OPERATIONS
Moulding		**Forming**	**Flexible**
PAK 2000	JJ Precision Plastics	Marcom Plastics	Barrier Film Converters
Plastop KZN	Weener Plastop	Thermopac	Peninsula Packaging
Plastech	Consupaq	Plastform	Plusnet Geotex

What we make

The Group manufactures a wide range of closures, jars, bottles, tubes, trays, cups, tubs and other plastic containers up to a size of five litres through the processes of extrusion blow moulding ("EBM"), injection stretch blow moulding ("ISBM"), injection blow moulding ("IBM"), injection moulding ("IM"), sheet extrusion and thermoforming.

FAST FACTS

For continuing operations	2016 R'000	2015 R'000
Total assets	**1 840 507**	2 094 539
Capital expenditure	**132 490**	158 038
Revenue	**1 348 370**	1 388 606
Operating profit	**44 289**	61 511
Profit margin (%)	**3.3**	4.43
Production		
Tons converted and sold	**28 269**	28 569
Number of production facilities	**9**	9
Number of employees	**1 681**	1 692
Eco-social footprint		
Total water input (kilolitres)	**126 824**	115 915
Energy usage (kWh)	**70 884 073**	71 243 869
Scope 1 and 2 emissions (tons CO_2e)	**73 312**	74 509
Waste to landfill (tons)	**1 217**	1 392

Our business model

As a manufacturer of plastic packaging products, Astrapak's business model involves the conversion of various inputs, including energy (primarily in the form of electricity), labour and different types of plastic raw materials into finished products for sale to clients in various industries, from food and beverages to petrochemicals, pharmaceuticals and fast-moving consumer goods.

CAPITALS

Financial
Revenue/profits
Shareholder value

Manufacturing
Plant/machinery

Intellectual
Innovation

Human
Employee time

Social
Stakeholder engagement

Natural
Energy/raw materials

VALUE CREATED

OUR VALUES

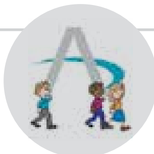
1

Respect
Embracing diverse points of view, cultures and communities.

2

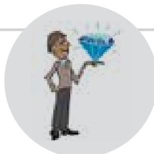
Integrity
Promoting trust and honesty in dealings with stakeholders.

3



Teamwork
Embracing and encouraging others to deliver as a collective.

4



Excellence
Delivering what is promised and adding value that exceeds expectations through innovation, learning and alertness.

5

Customer focus
Demonstrating concern for meeting internal and external customer needs in an exemplary manner.

In terms of the six capitals model of the IR Framework, Astrapak's business model can be represented as making use of inputs of various capitals, including manufactured capital (plant and machinery), social capital (stakeholder engagement), human (employee time) and intellectual (innovation) capital, in order to convert natural capital (energy raw materials) into finished products or outputs, the sale of which will enhance the Company's stock of financial capital (revenue, profits, shareholder value).

VALUE ADDED

BUSINESS ACTIVITIES

Infrastructure

Patents/copyright

Environments/ resources

Financing

OUTPUTS

Plastic packaging products

Recycling

Waste

Net cash

VALUE SHARED

OUTCOMES

Community investment

Waste

Emissions

Training

Workforce

Returns to shareholders

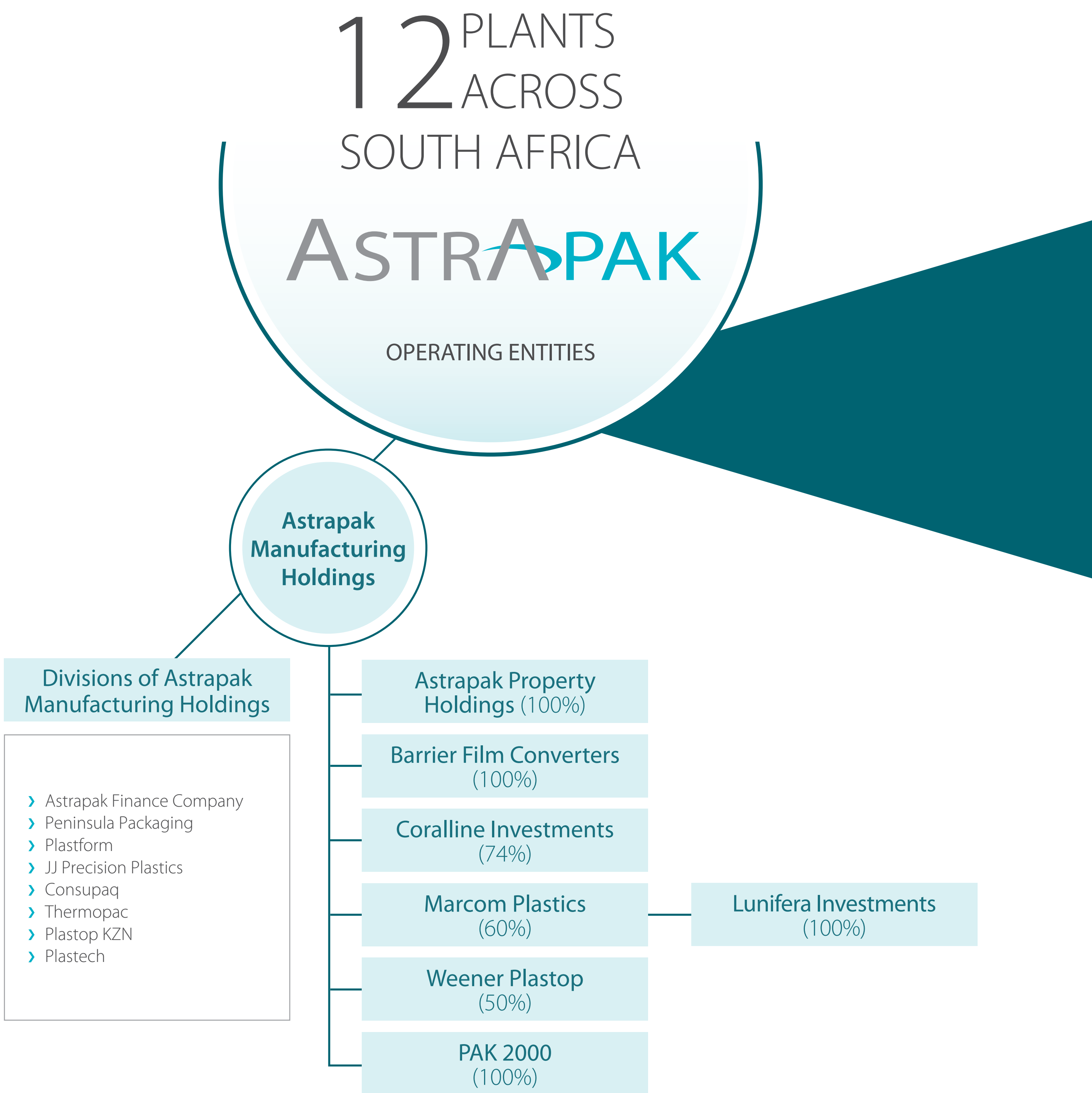
Payment to suppliers

B-BBEE compliance

Our operating structure

The Group comprises 12 manufacturing plants spread across the main centres within South Africa, with nine continuing operations and three operations being held-for-sale.

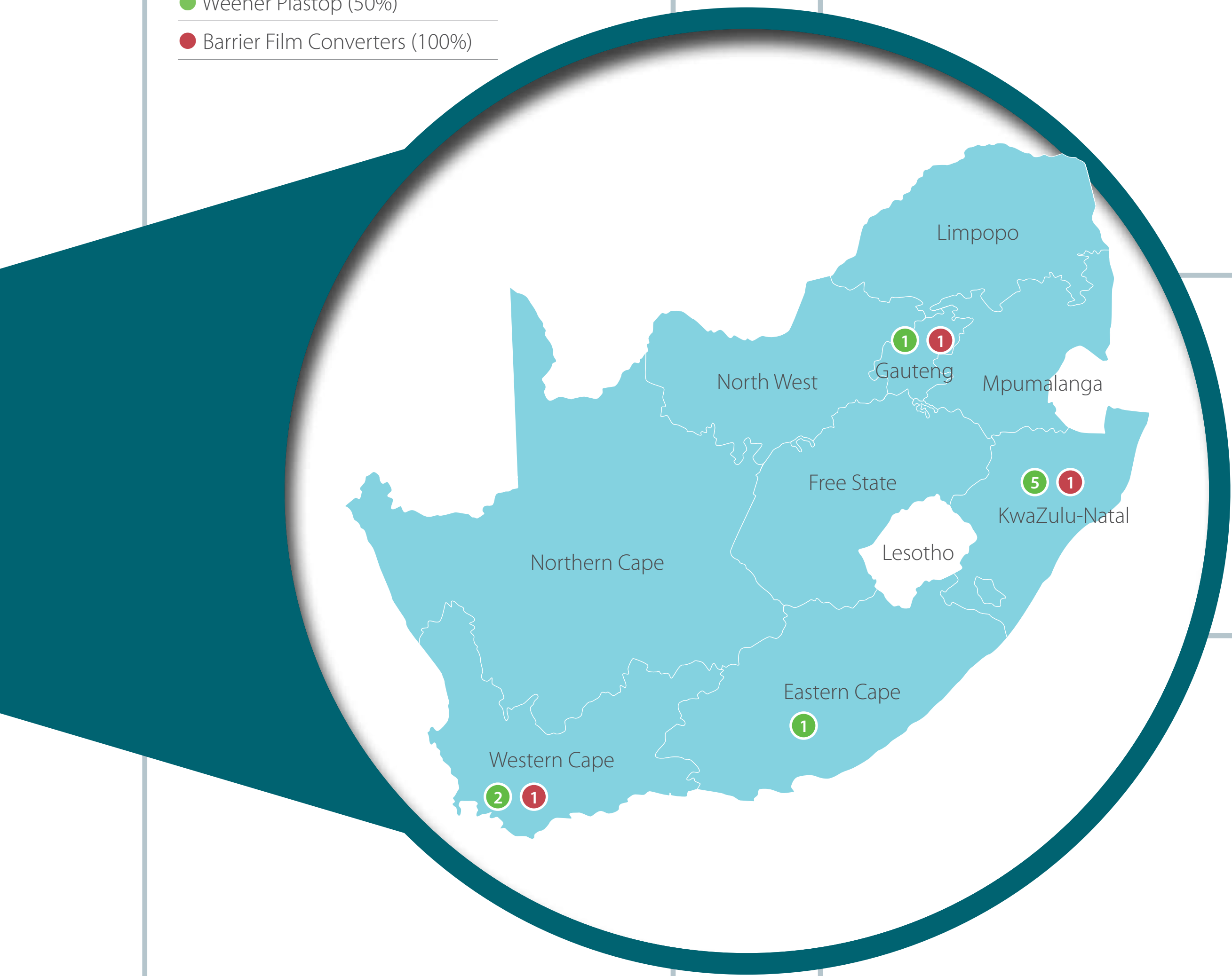
The operational structure of the Group as at 29 February 2016 was as follows:



Where we operate

KwaZulu-Natal
- JJ Precision Plastics
- Consupaq
- Plastop KZN
- PAK 2000 (100%)
- Weener Plastop (50%)
- Barrier Film Converters (100%)

Gauteng
- Marcom Plastics (60%)
- Plusnet Geotex (74%) (Coralline Investments)



Western Cape
- Thermopac
- Plastform
- Peninsula Packaging

Eastern Cape
- Plastech – East London

Key: Continued Held-for-sale

Group at a glance

66 % revenue from continuing operations (**R1,348 million**)

CONTINUING OPERATIONS

ASTRAMOULDING provides a range of markets with superior quality plastic packaging solutions. From the petrochemical market to the cosmetics, food and personal care markets, Astrapak ensures that its clients' premium product is packaged to the highest quality standards.

ASTRAMOULDING
Plastech Moulders

Plastech Moulders,
East London, Eastern Cape

Multipolymer containers and closures for various applications

ASTRAMOULDING
Pak 2000

PAK 2000,
Pinetown, KwaZulu-Natal

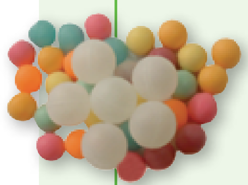
Extrusion blow moulded, printed and decorated containers for lubricant and petrochemical applications

6 PLANTS ACROSS SOUTH AFRICA

ASTRAMOULDING
Consupaq DBN

Consupaq,
Durban North, KwaZulu-Natal

Jars, closures and tubes for personal care – both plain and printed with decoration



ASTRAMOULDING
Weener Plastop

Weener Plastop,
Pinetown, KwaZulu-Natal

Injection moulded hollow deodorant bottle balls in joint venture with the German company, Weener

ASTRAMOULDING
Plastop KZN

Plastop KwaZulu-Natal,
Durban, KwaZulu-Natal

Personal care injection blow moulding, extrusion blow moulding and sleeving

ASTRAMOULDING
JJ Precision Plastics

JJ Precision Plastics,
Pinetown, KwaZulu-Natal

Astrapak's centre of excellence for injection moulded closures and components

CONTINUING OPERATIONS

Plastform,
Cape Town, Western Cape

Thermoformed containers for dairy and other food applications, together with decorative options

Marcom Plastics,
Rosslyn, Pretoria, Gauteng

Thin wall injection moulded tubs, containers, lids, cups for dairy applications – with in-mould labelling and off-set decoration

Thermopac,
Cape Town, Western Cape

British Retail Consortium accredited facility offering thermoformed containers of varying sizes and applications typically for local and export food markets

ASTRAFORMING

manufactures a wide range of plain and decorated trays plus containers for food and beverage grade applications, for both local and export customers.

3 PLANTS ACROSS SOUTH AFRICA

HELD-FOR-SALE OPERATIONS

ASTRAFLEXIBLE

segment is a manufacturer of plain and printed blown, cast, mono and multilayer polyolefin films for bags, sheet, tubing, shrink, stretch and barrier applications. Products also include bags for a variety of applications and modified atmospheric packaging ("MAP").

Barrier Film Converters,
Durban, KwaZulu-Natal

State-of-the-art multilayer barrier film and bags for food grade applications as well as plain and printed film for industrial uses

Peninsula Packaging,
Cape Town, Western Cape

Plain and printed film for application in dairy, fresh produce and alcobev

Plusnet Geotex,
Randfontein, near Johannesburg, Gauteng

Protective netting for agriculture, rope and shadecloth for various markets, and fibres for concrete reinforcement

Group at a glance continued

Our material issues

As was the case for Astrapak's 2014/15 integrated annual report, the process for determining content to be included in this report was guided by the following principles:

- the usefulness of the report for stakeholders (including in terms of the interests and expectations of stakeholders);
- the purpose, experience and nature of core business at Astrapak;
- the material environmental, social and economic impacts of the business;
- the importance of reporting credibly and in accordance with the International IR Framework; and
- the availability of data for the reporting period.

A materiality determination process was implemented to establish the relative importance of key environmental, social and governance issues for the organisation and its stakeholders. Issues were mapped and cross referenced using relative valuations for their levels of "concern" and "impact" for the Company and its key stakeholder groups. The materiality process was then used to inform stakeholder engagement processes as well as the process for determining the report content.

On the basis of this process, the following issues were determined to be the most material for the Group:

Raw materials

People, health and safety

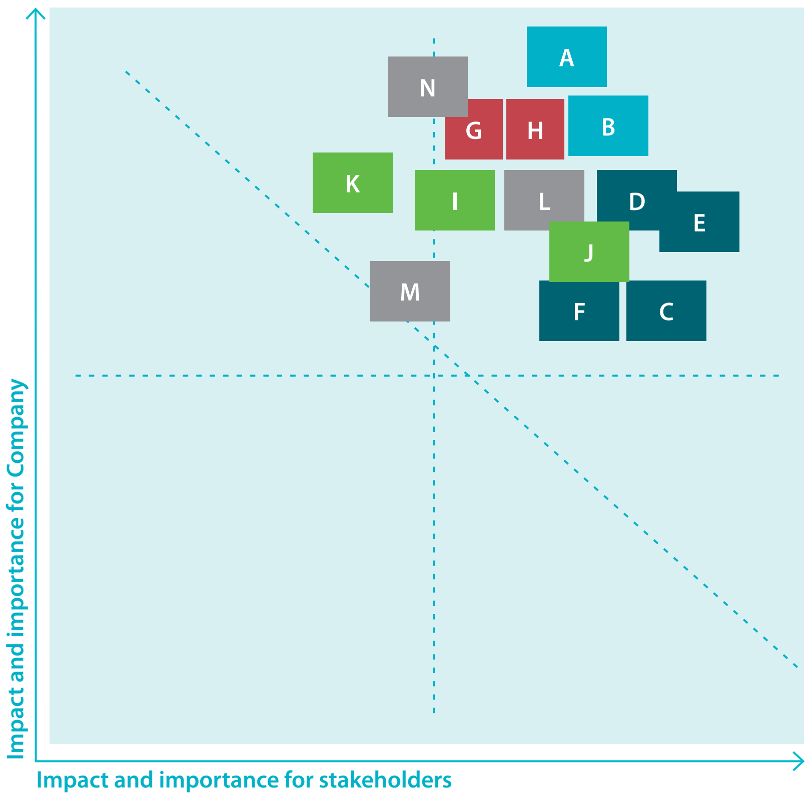
Energy

Waste and pollution

Regulation and taxation

Each of these issues is considered material to Astrapak (including all of the Group's operating companies) and/or for one or more of its key internal and external stakeholders.

Our materiality determination process



Material aspects

Raw materials
- A Availability
- B Cost

People, health and safety
- C Injuries
- D Employee well-being
- E Labour relations
- F Skills and development

Energy
- G Security/availability
- H Cost

Waste and pollution
- I Efficiency
- J Regulatory compliance
- K Cost

Regulation and taxation
- L Emissions
- M Carbon tax
- N Waste legislation

Management approaches to material issues

Raw materials

This refers to materials used in the manufacture of products supplied to customers. Strategies are in place to manage key raw materials. These have proved effective in ensuring continuity in supply during periods of demand spikes or unplanned supplier outages.

People, health and safety

Managing the well-being of our people is a constant strategic imperative. Astrapak has a formal health and safety programme in place, as part of which the Group continuously seeks to reduce injuries and improve working conditions. Processes in this regard apply to both employees and sub-contractors. Engagement in this area also takes place on an ongoing basis with unions and other relevant stakeholders.

Energy

In a manufacturing environment, the availability of cost-effective energy is critical. Astrapak has therefore implemented a number of initiatives aimed at reducing energy consumption. In addition, wherever feasible, the Group continues to explore the possibilities that exist for investment in renewable energy and captive electricity generation capacity.

Waste and pollution

Waste is measured and monitored at both central and site-specific levels. Processes are in place to minimise waste and limit pollution. Additionally, the Group has implemented a number of initiatives aimed at minimising waste to landfill, through partnerships with key suppliers. Waste separation programmes have been introduced to ensure waste is handled and disposed as per legislative requirements. Our waste classification model has been extended to include hazardous waste and the safe disposal of all categories of waste.

Regulation and taxation

Astrapak is actively involved in industry bodies working on various regulatory issues, including environmental initiatives. Levies are also paid to these bodies to assist in the collection and recycling of plastics. Changes to the waste legislation are tracked and implemented.

Our strategic direction

While our strategic direction has remained consistent, the Executive Committee and the Board of Directors have engaged in a process of clarifying certain aspects and targets, so as to align these with changes in the Group's business environment. The achievement of our strategic objectives will remain built on the following pillars:

- Developing and empowering our people, as we continue to invest significantly in skills development and training to ensure a pipeline of talent to meet our future skills requirements.
- Maximising the utilisation and returns from our asset base by improving the efficiency and reliability of our operations.
- Minimising our environmental impact by monitoring and reporting our performance against our stated targets for emissions reductions, energy efficiency and other relevant indicators.
- Supporting all our actions will be our shared values of respect, integrity, teamwork, excellence and customer focus.

Our interaction with stakeholders

STAKEHOLDER GROUPING	NATURE OF ENGAGEMENT	TYPICAL ISSUES
Shareholders, including investors	› Investor meetings	› Business strategy and plans › Group performance › Significant non-financial matters
Customers	› Customer meetings › Customer visits › Written correspondence	› Business strategy and plans › Service level agreements ("SLAs") › Performance dashboards › Contract management
Employees, trade unions and associations	› Employee forum meetings › Workplace climate surveys › Green area meetings › Wage negotiations forum › Management "walk-about" › EE forum meetings › Skills development › CEO roadshows	› Business strategy and plans › Compliance with industry standards › Improved conditions of employment › Employee morale › Business performance › Employee conduct › HR governance › EE committees
Government	› Legislative compliance	› Conditions of employment › Employment equity › B-BBEE › Skills development › Environmental legislation › Health and safety issues
Media	› Media briefings	› News releases › General advertising › Investor relations matters
Suppliers	› Supplier meetings › Supplier visits › Written correspondence	› Business strategy and plans › Raw material supply › Consumables supply › Performance dashboards › Contract management
Charities and NGOs	› Meetings	› Financial aid › General support related to NGO sustainability › General support for NGO staff
Partnerships	› Forum discussions	› Memorandum of understanding
Contractors	› Contractor meetings	› Contractor SLAs › Terms and conditions for Astrapak appointments › Review of matters of compliance
Employer federations	› Meetings	› Employer mandates › Industry matters › Sustainability and recycling strategy › Industry standards

Key focus areas

ASTRAPAK

B-BBEE certification	**Operational improvement**
Supply chain management	**Health** and **safety**
Key account management	**System accuracy** and **integration**
Innovation pipeline	**Training** and **development**
Major projects and **installations**	**Total preventive maintenance**
Completion of footprint consolidation and **operations of scale**	

Sustainability management

During the reporting period, the Group has primarily focused on the re-definition of its sustainability approach. The company procured the services of GSA Campbell, a specialised corporate sustainability consultancy, to develop a sustainability plan that will guide the business in the achievement of its sustainability objectives.

The process involved an intensive re-evaluation of our sustainability position ensuring alignment with globally recognised corporate reporting frameworks. The process has helped us to unpack our material issues, to prioritise and to reassess management and stakeholder engagement.

The specific objectives of the Astrapak sustainability plan were:

- to rigorously interrogate the environment, social and governance issues that are material for Astrapak;
- to understand what constitutes a sound management approach for each issue;
- to establish a system that helps to identify, measure and manage performance;
- properly understand the relative importance of environmental and social issues for Astrapak;
- to assist management to participate in the reporting process; and
- to encourage sustainability as far into the Astrapak supply chain as possible.

This process culminated in the development of the Astrapak sustainability plan and barometer.

The Astrapak sustainability plan

The primary objective of the Astrapak sustainability plan is to identify ways in which Astrapak can improve its sustainability performance. The plan aims to provide a framework for improving the sustainability of the organisation as a whole, and for making sustainability decisions based on ambitious yet realistic objectives, measures, benchmarks and targets.

The sustainability plan frames the organisation's sustainability aspirations as realisable goals, by laying out specific implementation steps and establishing metrics for measuring the results of these.

The plan is centred on the management of Astrapak's material sustainability issues. Management approaches to material issues also comprise a critical element of the GRI G4 reporting process, and are therefore a central component of the sustainability plan, as a tool for the management of the Group's material issues.

Each of our material issues identified in the sustainability plan is described in terms of:

- the existence and communication of relevant and effective policies;
- management processes;
- benchmarks, targets;
- third party systems or standards;
- supply chain interventions/requirements/influences;
- stakeholder engagement;
- the recording of information and the filtering of this information through reporting processes; and
- leveraging success internally and externally.

The Astrapak sustainability barometer

In order to quantify the Group's success in achieving its sustainability targets, a sustainability barometer was developed, to provide Astrapak with a simple mechanism through which to approach the sustainability plan. The barometer includes the key aspects of the sustainability plan and examines the following:

- Area of focus (material aspect)
- Objective
- Measurement
- Target
- Actual performance.

The barometer is intended to form the basis of management approaches to material issues, through discussion at regular meetings. It is intended that components of the barometer be included in the Key Performance Indicators ("KPIs") for the heads of various functional centres and their teams. The objective in this regard is to manage performance against KPIs on a monthly and/or quarterly basis.

While the intention in the initial implementation phase is to maintain simplicity, over time, more material aspects will be added to the barometer, in order that the scope of management of sustainability issues is steadily broadened. In this regard, it is intended that the Group's executive management reviews material issues on an annual basis, during the reporting process, in order to establish whether additional aspects should be incorporated into the barometer. This process is intended to support the practice of "integrated thinking" within the Group, and to promote a fully integrated approach to management, as recommended by King III.

The barometer is considered to be an effective sustainability management tool that can grow in scope over time. At the time of publication of this report, the structure and content of the barometer had been approved in principle, however, targets were still in discussion. Targets will be finalised during FY2017 and reported on in the next integrated annual report.

Overview of the Astrapak sustainability barometer

SUSTAINABILITY FOCUS AREA		OBJECTIVE	MEASURE
Raw materials	Availability	Raw materials availability	Rolling forecast for OTIF
		Creating alternate grade materials to increase availability	% of major raw materials with an alternate materials grade
	Cost	Managing and optimising the cost of raw materials	Over or under the SE Asia Import Parity on Platts
People, health and safety	Injuries	Reducing operational injuries and lost time resulting from injuries	Disabling Injury Frequency Rate ("DIFR")
			Lost-Time Injury Frequency Rate ("LTIFR")
		Increasing levels of compliance relating to OHS Act	Compliance with legal compliance audit
	Employee well-being	Improvements in employee well-being (leading to reduced absenteeism and turnover)	Rate of employee turnover
		Career development training	Average number of career training hours per employee per month
	Labour relations	Reduction in incidents of industrial action, and in production losses as a result of industrial action	Production days lost due to industrial action, per quarter
		Maintenance of effective employee engagement processes	Number of workplace disputes unresolved
	Skills development	Improvement in levels of key skills within Group	Average hours of skills training per employee per month
Energy	Availability/security	Reliable supply of a minimum quantity of energy to maintain critical operations	Lost production due to energy supply interruptions (t)
	Efficiency	Ongoing reductions in energy costs through implementation of energy efficiency and energy demand reduction measures	Energy intensity: › Rand/ton production › kWh/m^2
	Cost	Reduction in waste management costs in absolute terms	Total volume of waste
Resource consumption and pollution control	Waste efficiency	Improve operating expense performance through improving waste efficiencies	Levels of waste generated from manufacturing processes per unit of production
	Regulatory compliance	Maintain 100% compliance with regard to environmental regulation	SA waste and pollution legislation
	Cost	Reduction in waste management costs in absolute terms	Total volume of waste
Regulation and taxation	Emissions	Compliance with legislation	100% compliance
	Carbon efficiency and taxation	Reduce GHG emissions	Carbon footprint report
		Reduce CO_2e intensity	CO_2e/ton of production

Governance and accountability

Chairman's review

The Group's continuing operations showed resilient financial performance. On an adjusted comparative basis, revenue rose by 4,8% to R1,348 billion and EBITDA increased 20,3% to R119 million.

Phumzile Langeni
Chairman

Market overview

The current fluid economic and political climate is a reminder of the dynamic nature of the world and the speed at which things change. The economic and political realities facing our country have brought uncertainty and concomitantly put the brakes on much needed economic and social progress.

The local economy, like most parts of the world in general and the emerging market world in particular, has grappled with the prolonged economic malaise and uncertainty prevailing across the globe. Emerging markets have been affected by various political and economic events which have led to severe currency depreciations in Brazil, South Africa and Russia. China, the world's growth story, continues to face headwinds, as its economic fortunes which seemed infallible continue to wobble.

The weak state of the local and global economies has been confirmed by declining company results and poor market data released this year and during the course of last year. Most of the economic data without exception points to an economy that, in the absence of major change and intervention, is unlikely to see the much needed economic lift-off to help reduce the high levels of unemployment. Rising interest rates, the continued fragility and volatility of the currency and the looming spectre of a possible change in the country's sovereign rating in the near term are key factors that underpin the prospect of South Africa falling into a recession in 2017. Unfortunately, 2016 has also been the year where the consumer, a major factor in the economy, is under financial pressure, largely due to retrenchments, a rising debt burden and the high cost of living.

South Africa's economic woes have also been made worse by some "own goals". The unexpected sacking of the then Minister of Finance, Mr Nene, in December 2015 not only sent the Rand reeling against other currencies, but resulted in substantial losses of value in both equity and bond markets. While the swift action by the government, players in society and business resulted in the reversal of the decision; the timing was unfortunate as this event unfolded at a time when South Africa's sovereign rating was "under watch" by international rating agencies.

Company performance

Astrapak's performance is unfortunately not immune to the adverse factors that are facing the local economy; as a business that is an integral part of the value chain of the consumer servicing sector. Despite this, the business delivered improved financial matrices. The finalisation of the turnaround has delivered a more streamlined and focused business that has secured multiyear supply contracts with major local and international players. The relocation of strategic assets to KwaZulu-Natal has gone well, and is expected to result in improved performance and asset utilisation by those businesses.

The Group's continuing operations showed resilient financial performance. Revenue rose by 4,8% to R1,348 billion, EBITDA (adjusted for asset disposal and non-recurring items) increased 20,3% to R119 million. Other strategic achievements include the continued disposal of the discontinued operations and the continuous decline in the level of debt. Some of the negatives during the past financial year include the delay in the implementation of certain strategic projects, which has to some extent limited better performance. The effect of the delay is evident in the total increase in the depreciation line by 9,1% to R71 million given the significant upfront investment made.

Admittedly, while 2016 has been a challenging year for the business and most sectors of the economy, we remain optimistic that the rest of the year will show some signs of recovery. We are confident that the reorganisation undertaken over the past few years has placed the Company on a better footing.

Governance

On 18 December 2015, the company reported the resignation of Ms Vashnee Mahadeo as Company Secretary, and the appointment of Ms Salome Ratlhagane to the role. On behalf of the Board, I wish to thank Ms Mahadeo for the role she played in her capacity as Company Secretary. We wish her well in her future endeavours.

Conclusion

My sincere gratitude to the management team which has continued to work tirelessly in a difficult economic environment. I would also like to take this opportunity to thank fellow members of the Board for their continued support, counsel and availability.

I also extend words of gratitude to the entire staff complement of Astrapak, without whom this progress would not have been realised.

Phumzile Langeni
Chairman

Chief Executive Officer's review

We have completed a significant but costly footprint reorganisation and refocused Astrapak as a moulding and forming technologies-based packaging manufacturer with a reinforced leading position in our chosen target markets in South Africa.

Robin Moore
Chief Executive Officer

Aligned to a redefined customer focus

In my 2015 CEO review, I commented that Astrapak was a considerably restructured business relative to 2012 with the objective of finalising the exit from non-core businesses during the 2016 financial year.

I am pleased to record that, as at the date of this review, Astrapak is now a fully restructured business and a thoroughly different business from the one I joined on 1 November 2012 to lead a turnaround.

In the 2013 review, I committed to a recovery timeframe of two financial years with optimal return objectives achieved within five financial years.

Inevitably, doing business in South Africa presents daily obstacles and unforeseen events that challenge executives of businesses to be resourceful. Delays can bedevil the best laid plans. Market conditions are the toughest in a decade. Nevertheless, after three years we are largely where I envisaged we would be, having moved up the value chain in line with the strategic purpose of the re-engineering and internationally benchmarked goals.

Astrapak now has a strong platform off which to build towards top-quartile internationally benchmarked returns. The team has demonstrably been "charting a new course" with the business improvement strategy, although there is more to strive for to get to where we want to be.

The focus for 2016 was thus two-fold: firstly, substantially exiting from non-core businesses and surplus assets and thus beginning the process of eliminating expenses incurred to facilitate recovery; and secondly, executing on major projects aligned to Astrapak's customer focus so that we can begin to realise our intrinsic potential with the remaining core asset base.

For the year under review, the results continued to reflect both continuing and discontinued operations, these being operations classified as assets that no longer form part of the future of the Group or as assets held-for-sale. This process of closure, disposal and consolidation of the core asset base proceeded to plan, with further cash proceeds realised, although this extensive business re-engineering has disproportionately depressed the continuing results as these carry certain head office costs until transfer of the assets to new beneficial owners.

Cinqpet, East Rand Plastics, together with the property it occupied, and Knilam Packaging all realised good pricing on sale and at pleasing premiums to book value.

The remaining three Flexible operations recorded an improved performance during the second half of the year and a strategic decision was taken to carry forward their sale to the new financial year in order to maximise disposal value. Disposal of surplus property has progressed to plan. These remaining disposals reflect on the balance sheet at a substantial net realisable value.

Rationalisation and consolidation of core continuing factories continued through the year to ensure optimal productivity on fewer sites. When I joined Astrapak there were 27 production sites whereas today we have nine continuing operations.

The Bronkhorstspruit factory closed during the final month of the financial year, as did the adjacent Weener deodorant ball factory which was consolidated into JJ Precision. A substantial number of machines were relocated from Gauteng to KwaZulu-Natal. Strategic buffer stock was built up in January and February to accommodate this major relocation.

Capacity associated with the relocation of the Bronkhorstspruit plant to KwaZulu-Natal will largely be absorbed through commitments on asset utilisation from our existing customer base.

As at the date of this review, the head office in Johannesburg has closed and required Group support structures are being established in Durban. Large savings will be realised as we exit the discontinued operations and assets held-for-sale as mentioned above. The process of eliminating excess expenses deliberately incurred to facilitate recovery is well under way.

With respect to major projects, intensified customer engagement is a continuing priority within the focus areas of personal care, toiletry, dairy, spreads, catering, confectionery and automotive lubricants. Astrapak has a leading market position in these categories.

Approximately 95% of the turnover of the restructured Astrapak derives from defensive consumer categories. This requires a comparatively higher capital intensity in the manufacturing process relative to the majority of the businesses exited and therefore have correspondingly higher barriers to entry. In 2016, core continuing operations derived 45% of turnover from the food manufacturing industry, a further 35% from toiletries and personal care and 15% from automotive.

Astrapak has fewer customers than three years ago, but they are significant local and international customers with which Astrapak has negotiated a number of multiyear contracts.

Business environment

The year was characterised by a steadily deteriorating domestic business environment. Negative political factors are a growing concern and accentuate currency weakness due to elevated risk.

It goes without saying that business confidence is low and for industry in general there is lack of clarity for budgeting and demand planning, with month-to-month variability. However, Astrapak's initiatives to refocus the business are mitigating much of this uncertainty as we bring capacity utilisation up to design specification.

Consumer demand has held up better than the macroeconomic backdrop would indicate but confidence is fragile. Interest rates have increased by 200 points since January 2014 notwithstanding a weakening economy and depressing discretionary income.

Retrenchments in the private sector have been rising. Unfortunately, the labour framework in South Africa is divisive and unhelpful to job creation and shop-floor flexibility. Astrapak too has had to let go of staff and become a relatively more capital-intensive business. We require consistent quality and timely delivery and have no option but to adhere to international quality standards as a manufacturer supplying to multinational customers.

Chief Executive Officer's review continued

Electricity outages and load shedding remained a disruptive feature in the first half of the year and were a practical challenge that thankfully diminished in the second half. Our business reorganisation and electricity mitigation and cost-saving initiatives have helped in this regard with energy usage per ton converted continuing to improve.

Just as electricity became less of a disruption, water unreliability emerged and from a strategic point of view this is yet another difficulty for which contingency plans are now required. Ageing water reticulation and storage systems throughout the country require remedial action.

Competitive conditions intensified during the year with some aggressive pricing evident in the packaging market.

Three major European headquartered international packaging companies operating rigid and flexible packaging technologies arrived in South Africa, typically following their customers in terms of geographic servicing requirements.

Other than the strategic imperative and intent to restructure, a tougher economy with heightened competitive pressure further highlights the timeliness of the restructure.

While local economic conditions are poor, major multinationals look through cycles and experience similar or worse conditions elsewhere and thus position for the long term. We are encouraged by the visibility on volumes and this gives us further comfort that our strategy is correct.

The global commodity market is seemingly in a lower-for-longer pricing environment. This affects South Africa but it affects other African countries far more. We have enough on our agenda locally without looking beyond South Africa. Dialogue with customers regarding African expansion have reduced and consequently there are no immediate plans for a direct presence in other African countries but we will continue to service foreign territories indirectly through customers with local, regional and international reach.

Operating highlights of the year

Major new projects with multiyear contracts have been commissioned backed by substantial investment in plant and equipment. Contracts are in place with well-known local and international fast moving consumer goods companies who feature within our top six customers.

Astrapak commenced a further significant new multiyear supply agreement with an existing large multinational fast moving consumer goods customer to which capital expenditure of R81 million was committed to install capacity. Volumes will steadily ramp up and optimal profitability will follow as capacity utilisation rises.

The commercial benefits of a strategically important multiyear contract in the personal care market with a major international customer, to which R55 million was invested, will begin to reflect in the 2017 financial year. Design changes in product development and technically demanding specifications to meet international requirements took time to finalise and gain approvals but, in preparation, Astrapak made available factory capacity and absorbed costs.

Tonnage of polymer converted and sold decreased only marginally despite loadings being affected in the first half due to preparation for the take on of new work that commenced later, a decline in indirect export of yoghurt cups to Angola and the delay in starting the significant new multiyear personal care contract.

There was a mix of improvement in manufacturing and customers, and improved pricing with the higher gross contribution margin and higher gross profit margin being reflective of this improving productivity.

Further work remains to bring all operations up to targeted performance. Eight of the manufacturing sites were profitable with one loss making. The reorganisation too has been disruptive in parts and we look forward to a more settled operational situation in 2017.

Continuing turnover on a like-for-like basis increased 4,8% to R1 348,4 million which is regarded as a satisfactory outcome given the quality and nature of the business being executed. Selling prices increased by 3,1% with polymer prices being successfully recovered.

This is a relatively clean result from an accounting point of view with fewer once-off features in the income statement. No continuing operations impairments are recorded as legacy issues have been principally dealt with.

Operating profit though is subpar due to remaining excess turnaround expenses, costs of discontinued operations carried until transfer, the expense and inefficiency of machinery relocation, and the fact that major new projects are coming on stream later than envisaged.

Manley Diedloff, our Chief Financial Officer, addresses in appropriate detail these and other financial matters in his review, including a helpful reconciliation of what the underlying profitability for the year was, representing the base from which we can now go forward to earn the returns we have targeted.

Corporate citizenship

Restructuring on the scale that Astrapak has achieved these past three years is difficult enough but we have to remain focused on building for the future and earning the confidence of customers, funders, suppliers and employees.

With economic sustainability comes social benefits and opportunities for the majority of employees who remain to help us grow the business.

According to independent third-party verification, Astrapak was a level 3 Broad-Based Black Economic Empowerment ("B-BBEE") contributor across the main elements for the year ended February 2016. While the new codes are a challenge for many companies, Astrapak strives to achieve an appropriate level of compliance within the spirit of the requirements. I am pleased to record that Astrapak achieved a level 4 B-BBEE rating in its annual audit based on the new scorecard in May 2016, a very satisfactory outcome given the more stringent criteria.

As a member of the Plastics Converters Federation of South Africa, Astrapak is supporting the various processes to establish the Plastics Negotiating Forum ("PNF") to negotiate terms and conditions of employment within the plastics industry. Labour employment practices are in accordance with the new Labour Relations Act.

A number of trade unions are recognised, with in total 20% of the staff complement unionised.

Wherever possible, we prioritise certain positions for employment equity candidates.

A training and development unit was established this year with a Group-wide remit. Training is a key component of an efficient business and Astrapak recorded in excess of 32 700 training hours.

Health and safety, quality systems and risk management are a priority with a substantial R32 million invested over three years in critical safety upgrades, for example sprinkler systems, electrical compliance, and better factory shop-floor configuration.

The risk audit compliance score is 93% and is reflective of the internal financial controls and integrated risk management systems. The internal target is 95%. The Group has implemented an integrated risk management system based on the ISO 31000 standard for risk management.

During 2016, the Disabling Injury Frequency Rate improved to 3,5 injuries per 200 000 hours worked which is below the Department of Labour average of 5,0 injuries per 200 000 hours worked for the light manufacturing industry. The streamlining of manufacturing on nine sites makes for more efficient production and, together with the substantial investment in workplace safeguards, we anticipate improving on our occupational safety record in future years because of this.

Investment in continuing operations of R124 million includes the latest machinery and improved factory configuration. New technology is more efficient in the consumption of utilities and has fewer emissions.

In respect of sustainability, peer benchmarking by independent consultants GSA Campbell indicates that Astrapak has performed well in comparison to local peers. Specific recommendations were noted within the Global Reporting Initiative G4 guidelines.

Independently verified audits of the Group's environmental impacts compare well with plastic packaging peers and international benchmarks, as is expected by multinational customers. In energy usage, tons of CO_2e, plastic raw material converted, waste generation and air quality, Astrapak again made progress.

An increase in our carbon emissions efficiency reflects both the restructuring and efficiency interventions.

Chief Executive Officer's review continued

Due to the reorganisation and electricity-saving initiatives, cost of energy and utilities increased by only 3% in 2016 while energy usage per ton converted improved.

The Group's tons of equivalent carbon dioxide relative to turnover has continued to improve as has tons of equivalent carbon dioxide relative to square metre of factory space.

Reduced use of virgin plastic raw material and optimising the use of renewable and recycled materials remains a focus.

Sustainability across the pillars of financial, social and environment is an executive priority. The financial, human resource, and sustainability reviews provide appropriate detail in this regard.

Perspectives on the past and the future

Three years ago, Astrapak was a R2,6 billion turnover group with total assets of R2,5 billion. Net debt was R522 million and the debt to equity ratio was 40%. Cash was being consumed in excess of the capacity of the operations to generate cash.

Today, Astrapak is a leaner R1,3 billion turnover business with total assets on a continuing basis of R1,4 billion. The Group is refocused as a moulding and forming technologies-based packaging manufacturer.

Over the past three years, Astrapak incurred R213 million in impairments but today we have a physical asset base that has been reorganised and modernised to what we believe to be an ideal footprint for what we are targeting to achieve.

Proceeds from disposals have been deployed to re-engineer and invest alongside customers in return for multiyear contracts. Capex has been wisely invested to strengthen the base business and win significant new business.

Over the three years that I have been CEO, we have invested R200 million in major capex for key customers and a further R80 million in normal capex, R70 million was spent on footprint optimisation and modernisation, and a further R32 million was spent on critical safety upgrades in keeping with modern world-class norms.

As at February 2016, the net debt associated with continuing operations was R111,3 million for a debt to equity ratio of 10,9% and, if a further R59,2 million in net debt associated with discontinued operations is included, the ratio is 16,8%. The face of the balance sheet indicates R269,2 million in net realisable assets held-for-sale and therefore Astrapak is effectively in an ungeared position once these proceeds are realised.

Having a strong balance sheet well invested in appropriate current technologies gives us optionality. The very weak Rand means there is a relatively high barrier to entry to the equipment and technologies we manufacture with and this underpins our competitive position.

In the remaining two years of the five-year journey, the focus is on extracting much better returns from the effort the team has put in to create a strong platform of good assets and good relationships with customers.

We have carried excess costs deliberately as a corollary of the turnaround and restructure. These costs will be eliminated over time.

In 2016, head office costs amounted to R92 million of which we estimate R30 million is in corporate costs associated only with the turnaround and not a feature going forward.

A further R16 million was incurred relating to once-off costs associated with the last phase of rationalisation and consolidation of factories together with waste and catch-up maintenance.

The Group is targeting R35 million in future EBITDA from capital invested in major projects and asset transfers. This is based on targeted return on capital, as previously communicated, and within existing commercial arrangements.

My executive team and I anticipate realising accelerating returns from major projects aligned to multiyear contracts with top-tier customers together with the cost savings related to efficiencies and head office cost reduction. Per the above figures, approximately R81 million on an annualised basis is targeted to be liberated for improved earnings.

The medium-term EBITDA margin aspiration remains 12% to 15% with an operating profit margin of 7% to 10%.

Capital expenditure substantially exceeded the depreciation charge in 2016. The depreciation charge consequently increased by 9.0% this past year to reach 5,3% of turnover but this charge will plateau in due course given that the bulk of the modernisation and contract-based capital investment phase is behind the Group and so replacement capex will be in line with depreciation within the next two years once the programme is complete.

Our strategic initiatives have resulted in a reasonable proportion of volume being relatively defensive and in packaging categories where we have earned leading market positions, with food, personal care and toiletry, and automotive our particular focus area.

We continue to aim for growth ahead of the general South African packaging sector as a rigid plastic packaging specialist.

Partnership with our customers on fair, transparent and sensible terms is important for sustainability across the important pillars of financial, social and environment.

Appreciation

I extend my thanks to our employees for their contribution to making Astrapak the much stronger company that it is. With cooperation and hard work we all succeed.

The Astrapak Board of Directors has provided helpful advice and encouragement to the executives.

Our funders have stood by us and provided the necessary liquidity while our shareholders have been patient and supportive of the journey.

We are appreciative of our customers for entrusting us with their business and thank our many suppliers and business partners.

Outlook

Sales since the end of the financial year have matched expectations. Relocation of equipment from Bronkhorstspruit happened very late in the 2016 financial year with start-up of the equipment commencing during the first half of the new financial year. The new multiyear fast moving consumer goods contract is in the process of commercialisation and expected to contribute at its anticipated level in due course. A reasonable proportion of volume is based on multiyear contracts in relatively defensive categories. The operating environment is challenging but Astrapak anticipates realising accelerating returns from projects and targeted cost reductions going forward.

RMoore

Robin Moore
Chief Executive Officer

Group Managing Director's review

Operational highlights from continuing operations in 2016

- Mix improvement and improved pricing
- Continue to successfully recover polymer prices
- Major physical asset reorganisation complete
- Future asset base competitive and well located

Restructuring supported by improved pricing, product mix, procurement coordination and demand forecasting.

Manley Diedloff
Group Managing Director
Group Chief Financial Officer

The trading year in context

Demand continued to soften in a weak economy, but the widespread strikes that were a costly and damaging feature of the previous year were absent, other than for some isolated action. In line with the strategic action plan, rightsizing of headcount proceeded in an orderly and constructive manner. Skills development, performance management and job profiling featured as a human resources focus. Staff movement and labour turnover for the core continuing businesses showed a more stable pattern.

While electricity outages and load shedding were substantially less disruptive to the manufacturing process as the year progressed, the Group cannot assume this to be sustainable and continues to introduce measures to monitor and reduce electricity consumption.

Continuing revenue in 2016 was marginally lower than in prior years, reflecting a deliberate customer shift and the effect of the now discontinued PET operations in the base. If PET revenue is excluded then comparable revenue increased by R62,3 million.

Pricing, improved product mix, procurement coordination and demand forecasting continues to yield benefits and the Group continues to identify opportunity for incremental improvement as this is directly bottom line enhancing. Demand plan accuracy remains a focus and is showing promising outcomes. Key account management is an important part of this process and has progressed well. There is pleasing monthly supply chain reporting across all businesses.

The first half was a relatively stable period for raw material and product pricing but the second half coincided with a substantial fall in US Dollar-based oil and gas prices. Combined with a major deterioration in the exchange rate of the Rand against the US Dollar, there was upward pressure on polymer prices in Rand. Due to very good and transparent communication with customers through key account management processes, this effect on raw material pricing has not had to be absorbed by the Group with contractual price adjustment mechanisms working as envisaged – leading to at worst a three-month lag in terms of passing adjustments through.

The Rand became substantially more volatile during the year with a sharp weakening bias in the second half and this has made forward planning more difficult for both converter and customer. While oil Dollar and polymer prices were at a multiyear low point at the end of the fiscal year in February, pricing firmed thereafter.

Group selling prices for continuing operations increased by 3,1% from R49,45 per kilogram to R50,98 per kilogram for the full year, while selling prices in the first half of the financial year averaged R49,38 per kilogram.

Tonnage of polymer converted in our continuing rigid plastic packaging operations decreased by 1% to 28 269 tons with a further shift in mix to moulding technology production where volumes converted increased by 2,2%. Moulding accounted for 56% of polymer converted versus 44% for the thermoforming operations. The fall in commodity prices has affected neighbouring countries with Angola in particular affected by the dramatic drop in oil prices. Indirect exports of yoghurt cups to Angola declined but the exposure of the Group is limited to less than 10%.

As indicated in the CEO's review, a strategically important multiyear contract in the personal care market was delayed due to adjustments to the design specifications and so development work continued while trying to commercialise the project at the same time. A significant new contract with an existing multinational customer commenced which will benefit the Group in future periods. Other existing customer production arrangements continued uninterrupted.

Capacity from the discontinued Bronkhorstspruit plant, together with the adjacent deodorant ball factory which was consolidated at the JJ Precision site, was relocated to the KwaZulu-Natal region and will largely be utilised within our existing customer base.

The gross contribution benefited from an 11,7% reduction in cost of materials mainly due to a reduction in waste, improved converting efficiencies and exit from low margin business. Efficiencies in the way we use energy and utilities resulted in only a modest 3% increase in cost whereas actual prices of electricity and water in particular have been rising substantially above that.

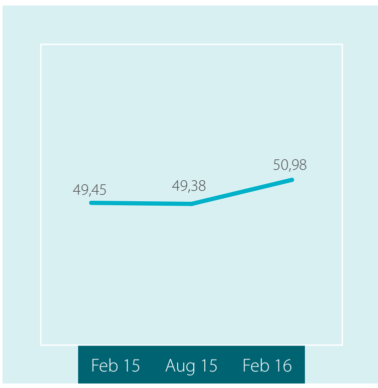
Astrapak has successfully juggled the challenge of keeping existing customers supplied on time, in full and at expected quality standards while at the same time executing on a significant footprint reorganisation and bringing on stream very important new contracts for the future. From this vantage point, the year has been challenging but satisfactory.

Operational focus for 2017

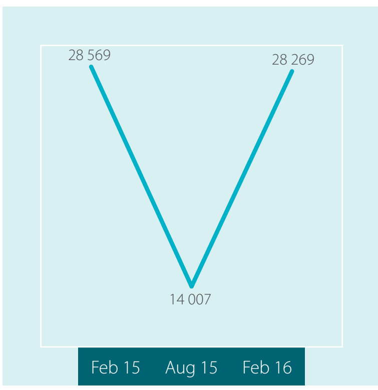
Astrapak now has an asset base that is modern, well equipped with the machinery that customers know and understand worldwide, and that is geographically well located. We are a dependable converter for key customers in our chosen markets that we serve from nine factories operating within a unified structure. Without the distraction of restructuring management is now able to focus on improved operational excellence and delivering on the exciting new contracts secured on multiyear terms.

Manley Diedloff
Group Managing Director

Pricing (Rand per kg)



Volumes (tons)



Group Chief Financial Officer's review

Financial highlights in 2016

- Continuing revenue up by 4,8% to R1,4 billion on a comparable basis
- Average selling price per kilogram increases by 3,1%
- Gross contribution increases by 6,3% with the margin at 53,4%
- Gross profit margin improves to 22,4%
- Cash generated from operations increases by 31,0%
- Net working capital days significantly lower than levels prior to the restructuring
- Net debt to equity for continuing operations falls to 10,9%
- R269,2 million in net realisable assets held-for-sale
- No continuing impairments recorded as legacy principally dealt with
- A very strong financial platform off which to secure our medium-term return objectives

Focus on operating efficiencies and asset management results in substantially improved cash generation from operations, an increased gross contribution margin and a tightly controlled net working capital position.

A year of pleasing financial progress

The restructuring objectives determined three years ago are substantially complete and the statement of financial position records R269,2 million in net realisable assets still held-for-sale that will eliminate remaining net debt once realised and leave Astrapak ungeared on a pro forma basis.

A concerted focus resulted in good working capital management against the backdrop of a weakening and volatile Rand. Cash flow from operations improved.

With the turnaround phase concluded in the previous financial year, the objective this financial year was to finalise the exit from non-core businesses, complete a significant but costly footprint reorganisation and strengthen the now smaller operational platform to secure long-term sustainability and targeted returns.

As mentioned in the Chief Executive's review, despite unforeseen obstacles and delays, the Group is today broadly in line with what the original timeframe envisaged and we have exceeded our financial targets with respect to asset management metrics, operational efficiencies and borrowings in particular.

Net cash of R173,3 million was received from the further sale of non-core assets at good value. Cinqpet was sold to Boxmore Plastics with effect from 30 June 2015 for R52,6 million and East Rand Plastics was sold to Transpaco with effect from 31 July 2015 for R95,7 million. The East Rand Plastics property too was sold with effect from 1 December 2015 for R14,1 million. Knilam Packaging was sold to Mapflex SA with effect from 1 February 2016 for R22,1 million. These assets realised a premium to book value, including goodwill, of between 1,3 and 1,5 times.

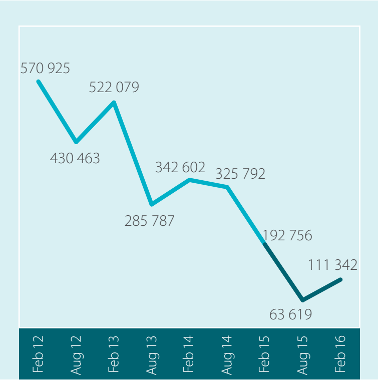
As at balance sheet date, net debt in both continuing and discontinued operations amounted to R170,5 million or the equivalent of a 16,8% debt to equity ratio. Net debt in continuing operations was R111,3 million or the equivalent of a debt to equity ratio of 10,9%. Net debt in discontinued operations amounted to R59,2 million.

The statement of financial position reflects R431,9 million in assets held-for-sale in discontinued operations against which there are liabilities of R162,7 million and thus a net R269,2 million. The sale of the remaining three Flexible operations, whose performance has improved, was carried over to the new financial year in order to maximise value on exit.

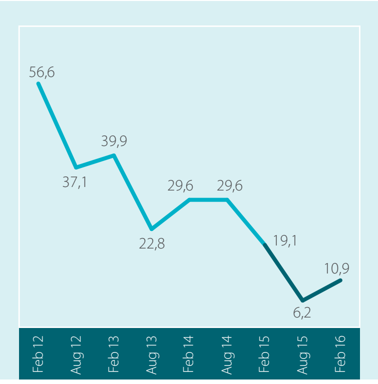
The disposal of surplus property continues to progress to plan and it is anticipated that additional cash will be realised in the 2017 financial year.

If the R269,2 million in net realisable assets held-for-sale were to have been realised as at balance sheet date, the pro forma net cash to equity ratio would be 9,7%. Astrapak is therefore in a considerably improved financial position relative to 2012 when the Group laboured under the burden of R570,9 million in net debt and a debt to equity ratio of 56,6%.

Net debt (R'000) – continuing operations



Debt to equity (%) – continuing operations



We have been careful to ensure that the future business platform is not starved of essential investment while at the same time improving the integrity of the balance sheet.

The restructuring is funded from internally generated cash and with a strong financial position, credit utilisation is substantially below the bank facilities available.

The Group has a solid equity underpin of R1 billion but the capital structure is suboptimal going forward and the Board will explore options for future surplus cash and an optimised capital structure. Recommencement of ordinary dividends also remains a goal.

The 2016 financial year in review

Group revenue from continuing operations decreased by 2,9% to R1 348,4 million from R1 388,6 million with the decline a reflection of strategy and an exit from business that cannot be justified on a return basis. The base was inflated by R102,5 million in turnover from the now discontinued PET business and on a comparable basis turnover in 2015 was R1 286,1 million and thus an increase of 4,8% for the year.

Polymer sales volumes in tons were down marginally to 28 269 tons from 28 569 tons. The average selling price increased by 3,1% to R50,98 per kilogram, which reflects a further improvement in sales mix.

Cost of sales decreased 4,5% to R1 046,9 million and includes the effect of higher factory depreciation and higher factory labour and overheads. This also reflects the cost inefficiencies that arose from machine moves.

Cost of materials decreased by 11,7% to R629,0 million due to reduced waste, improved converting efficiencies and a change in product mix.

Therefore, the gross contribution increased by 6,3% to R719,4 million with the gross contribution margin improving to 53,4% from 48,7% on a comparable basis due to improved efficiencies, reduction in excess waste and change in product mix.

The gross margin, after accounting for factory overhead, increased by 4,6% to R365,2 million with the gross margin improving to 27,1% from 25,2% on a comparable basis. Repairs, maintenance, and temporary costs carried for the restructure were higher than normal.

Gross profit increased by 3,2% to R301,5 million on a comparable basis with the gross profit margin increasing to 22,4% from 21,0%.

Selling, distribution and administrative overheads decreased by 0,5% to R259,3 million.

As indicated in the CEO's review, costs associated with the restructure are included in day-to-day expenses and remain with continuing operations. The Group is targeting to have a rightsized overhead structure by the end of 2017.

Other income of R2,1 million compares with R30,1 million in the prior year. This line item includes profits on assets disposed of and various miscellaneous items such as dti incentives. In the prior year, R15,2 million was recorded as a profit on the disposal of the Hilfort operation. In addition, there was a R4,3 million share option expense reversal whereas in 2016 there was a R2,6 million expense.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") as reported was R116,1 million, a decrease of 8,8%. Factory depreciation increased by 11,5% to R63,7 million and total depreciation increased by 9,1% to R71,9 million. Depreciation was therefore 5,3% of revenue compared with 4,6%. This percentage is not expected to increase materially as we grow revenue from new contracts and wind down the investment programme backing those in the next two years.

EBITDA from continuing operations of R116,1 million compares with R127,4 million. In the prior year, Hilfort contributed both the R15,6 million in profit on disposal and a further R5,6 million in EBITDA. Adjusting for the Hilfort profits and the IFRS share options referred to above together with

Group Chief financial Officer's review continued

a R3,3 million in profit on disposal of property, plant and equipment, EBITDA increased by 20,3% to R119,1 million from an adjusted R99,0 million. The EBITDA percentage margin on a like-for-like basis increased to 8,8% from 7,1% therefore. A margin of 8,8% is below the medium-term target of 12% to 15% to be attained once the major projects are running as designed and excess costs associated with head office and the turnaround are eliminated.

A reconciliation of the like-for-like normalised continuing revenue, EBITDA and operating profit result is presented below for illustration:

R'000	2016	2015	% change
Continuing operations reconciliation			
Reported revenue	**1 348 370**	1 388 606	(2,9)
Revenue adjusted for Hilfort	**1 348 370**	1 286 105	4,8
Reported EBITDA	**116 137**	127 410	(8,8)
Adjusted for:			
Profit on disposal of Hilfort business	**–**	(15 165)	
Hilfort EBITDA	**–**	(5 566)	
Profit on disposal of PPE	**362**	(3 326)	
IFRS – share-based expense reversal	**–**	(4 340)	
IFRS – share-based expense	**2 565**	–	
EBITDA adjusted for non-recurring headline items	**119 064**	99 013	20,3
Less depreciation	**71 860**	65 899	
EBITDA adjusted for non-recurring headline items	**47 204**	33 114	42,5

An impairment of R1,9 million, a profit on disposal of assets of R1,1 million and a profit on disposal of business of R27,6 million are recorded and represent the only headline adjustments, other than the associated tax adjustment of R13,1 million. The legacy situation insofar as the assets of the Group are concerned has been dealt with.

Net finance costs of R22,7 million are up slightly from R21,0 million and higher than anticipated due to timing of asset disposals, strategic stock build and major capex. Interest rates have also been rising with prime rate 200 basis points higher than at the beginning of calendar 2014. Cash received after year end will benefit interest paid.

The Group effective rate of taxation remained abnormally high at 69% (2015: 380%), predominantly due to capital gains on disposals and disallowable expenses. Post the exit from non-core businesses, a normal tax rate of 28% is envisaged. There is an estimated R344,5 million in tax losses available to offset future profits.

A Group attributable loss of R3,9 million compares with a loss of R143,3 million. This equates to earnings per share loss of 2,7 cents versus a loss per share of 114,4 cents.

Continuing operations recorded a loss of R17,8 million after investment income of R12,2 million, finance costs of R35,0 million, tax of R14,9 million, payment of preference share dividends of R12,7 million and income attributable to minorities of R11,8 million.

The Group owns 60% of Marcom, 50% of Weener and 74% of Plusnet. A significantly improved result from Plusnet boosted the minorities line, which increased to R11,8 million from R5,3 million.

Headline adjustable items for continuing operations on a net basis came to R5,8 million and thus the continuing headline loss of R12,0 million, equating to a loss of 9,9 cents per share.

Discontinued operations recorded a profit after interest and tax of R14,5 million. This included headline adjustable items of R19,6 million on a net basis and therefore a headline loss of R5,1 million.

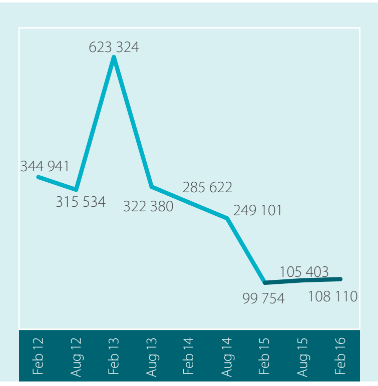
The headline loss attributable to ordinary shareholders of R17,1 million compares with R86,5 million. The headline loss per share of 14,1 cents compares with 71,5 cents.

Cash generated from operations of R113,3 million compared with R37,1 million in the prior year and R12,7 million was released from working capital in addition to the R59,0 million in the prior year. Cash generated from operations increased by 31,0% to R126,0 million.

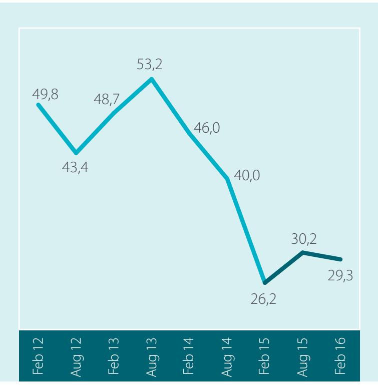
Net trade working capital of R108,1 million compares with R99,8 million in the prior year. This is despite higher inventory, up 33,9% to R174,6 million. This is due to strategically timed purchasing decisions ahead of price increases and the build-up of buffer stocks in support of a service level agreement on a new key contract and in order to facilitate the movement of machinery. Receivables reduced by 26,8% and payables reduced by 12,2%.

Net working capital of 29 days compares with 26 days on a continuing basis in line with the target of 30 days and is well below levels in earlier years before the restructuring programme.

Net working capital investment (R'000) – continuing operations



Net working capital days – continuing operations



Net cash flow from operating activities, after interest, tax and preference share dividends was R55,7 million compared with R35,4 million.

As previously indicated, net debt in continuing operations has fallen to R111,3 million from R192,8 million a year previously with the debt to equity ratio at 10,9% compared with 19,1%. Net debt associated with assets held-for-sale is a further R59,1 million. The face of the statement of financial position indicates R269,2 million in net realisable assets associated with those assets classified as held-for sale and this will further improve the debt to equity position. The Group has substantial unused credit facilities.

Capital expenditure of R132,5 million includes R8,5 million in discontinued operations. Capital expenditure in continuing operations increased by 9,8% to R124,0 million and is in line with the higher level budgeted for 2016. This capital expenditure of R124,0 million in continuing operations was strategically targeted to key customers and end markets together with power supply upgrades, appropriate new equipment that customers have knowledge of internationally, civil engineering and construction at factories, and relocation of existing equipment for technology-focused production.

Future replacement capex will move in line with depreciation but as previously communicated is temporarily elevated due to investment in partnership with major multinational customers in return for multiyear contracts.

The majority of raw materials, and in particular polymer, are priced in US Dollar.

During the first six months, the Rand averaged R12,28 to the US Dollar versus R10,61 in the first half of 2015 and R11,30 during the second six months of the previous financial year. In the second half of 2016, the Rand averaged R14,74 to the US Dollar, over a 30% differential compared with the second half of 2015.

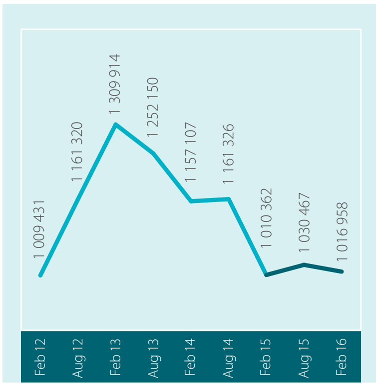
For fiscal 2016, the Rand averaged R13,51 to the US Dollar compared with R10,96 in 2015, R9,99 in 2014 and R8,38 in 2013. In the three fiscal years since commencement of the restructuring programme, the Rand lost 38% of its value against the Dollar and at the date of this review the depreciation has widened to 46%.

While there are timing differences in pricing to customers, effective management of customer relationships, including contractual price adjustment mechanisms, should ensure a broadly neutral effect through the cycle.

Due to significant investments, with the book value of property, plant and equipment increasing by 11,9% or R87,6 million over the year to R821,9 million.

The Group ended the year with ordinary equity of R874,3 million, up from R867,8 million, with retained income at R672,2 million versus R664,2 million. Total equity exceeds R1 billion. Goodwill is reflected at R61,5 million. Preference share capital net of costs is unchanged at R142,6 million. Net asset value per share is 840 cents, up from 835 cents in 2015.

Equity (R'000)



Group Chief Financial Officer's review continued

Dividend declaration

No ordinary dividend is declared. Recommencement of dividend payments to ordinary shareholders is an important goal and payments will be determined by reference to the retention needs of the Company for maintenance and growth and in relation to asset management.

Holders of preference shares continue to receive dividends in the normal course. The total paid in preference share dividends was R12,7 million compared with R10,9 million in 2015. The increase reflects rising interest rates. The preference share dividend for the year of 847,86 cents compared with 726,00 cents in 2015.

Financial focus for 2017

The Group will execute on the assets held-for-sale, which will realise further cash inflows. Surplus property disposals are also expected to realise cash.

Replacement capital expenditure will be in line with depreciation at approximately R80 million but total capex is budgeted to be approximately R100 million as we complete projects in partnership with large customers on multiyear contracts on which returns are expected to exceed cost of capital. Approximately two-thirds of business is now under contract of multiyear duration with large multinationals and important local fast moving consumer goods companies.

Substantial improvement has been made in management of net working capital and this situation is being maintained with a target net working capital days of approximately 30 days and with inventory at 10% of sales. There has been a large improvement too in pricing and procurement coordination, rolling forecasts and demand planning and emphasis on this is being maintained with further gains identified.

As discussed in the CEO's review, management has identified potential annualised savings of R81 million in three areas. These are head office costs of R30 million associated with the turnaround, once-off costs of R16 million relating to rationalisation and consolidation, and operating returns on capital investments in major projects estimated at R35 million. The restructured Group is targeting a medium-term EBITDA margin in the range of 12% to 15% with an operating profit margin range of 7% to 10%.

Management of risk

Financial risks relate to liquidity and counterparty risk in respect of Group funding, interest rate movements and foreign exchange rate volatility. These risks are overseen and managed by the Executive Committee, which meets regularly.

The Group finances its operations through retained profits and borrowings from funders. Optimal funding structures are reviewed regularly. Rolling cash forecasts assist in determining liquidity and interest rate risk in relation to short-term funding available to the Group at floating rates.

Foreign exchange exposures arising from the acquisition of goods and services are covered through the use of forward exchange contracts. During the year, the Rand exchange weakened by 18,9%, averaging R13,51 to the US Dollar compared with R10,96 in the prior year. The year-end rate was R15,85 to the US Dollar compared with R11,66 at the corresponding date a year previously.

Basis of preparation

The Group annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") in issue and effective for the Group at 29 February 2016 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The Group annual financial statements comply with Schedule 4 of the South African Companies Act, No 71 of 2008, and the disclosure requirements of the JSE Listings Requirements. The annual financial statements were approved by the Astrapak Board of Directors on 19 April 2016, on the recommendation of the Audit Committee.

Accounting policies

The accounting policies adopted and methods of computation used in the preparation of the consolidated financial statements are in terms of IFRS. Refer to note 1 in respect of significant accounting policies of the annual financial statements for further detail.

Manley Diedloff
Group Managing Director

Five-year financial review

R'm	2016	2015	2014	2013	2012
Operating results					
Revenue	**1 348,4**	1 388,6	1 288,4	2 454,4	2 517,8
Profit before interest and taxation	**44,3**	24,9	33,6	1 36,9	172,1
Exceptional items	**(12,0)**	(36,6)	(7,7)	1 15,2	(70,5)
Net interest paid	**(22,7)**	(21,0)	(22,2)	(36,3)	(38,2)
Profit before taxation	**21,6**	3,9	11,4	215,8	63,3
Taxation	**(14,9)**	(14,9)	(5,9)	(44,3)	(40,9)
Profit for the year from continuing operations	**6,4**	(11,0)	5,5	162,1	22,4
Profit/(loss) for the year from discontinued operations	**14,5**	(111,3)	(64,4)	(21,8)	(41,9)
Loss attributable to ordinary shareholders	**(3,3)**	(138,5)	(81,7)	311,2	(18,6)
Profit attributable to preference shareholders	**12,7**	10,9	11,4	11,4	10,8
Profit attributable to non-controlling interest	**11,8**	5,3	11,4	13,8	11,2
Headline earnings	**(17,1)**	(86,5)	(39,9)	12,1	29,9
Funding					
Total equity	**1 076,6**	1 074,6	1 214,7	1 309,9	1 009,4
Deferred taxation	**89,8**	173,1	190,9	221,5	176,9
Debt					
Interest bearing	**239,0**	261,6	405	549	569,9
Non-interest bearing	**435,0**	585,2	473,8	464,8	504,3
Total funds	**1 840,5**	2 094,5	2 297,7	2 545,4	2 260,5
Assets managed					
Property, plant and equipment	**821,9**	734,3	1 225,1	1 254,4	1 199,7
Deferred taxation	**0,0**	69,3	47	36,2	44,0
Investments and loans	**23,1**	54,8	57	50,3	47,7
Goodwill and trademarks	**61,5**	75,5	117	117,1	117,1
Current assets	**953,4**	1 160,6	851	1 087,4	859,2
Total assets managed	**1 840,5**	2 094,5	2 298	2 545,5	2 260,5
Number of ordinary share in issue at the end of the financial year	**135 131**	135 131	135 131	135 131	135 131
Weighted average number of ordinary shares in issue during the year	**121 035**	121 016	121 016	120 836	120 404
Fully diluted weighted average number of ordinary shares in issue during the year	**121 035**	121 531	121 226	120 837	121 600
RATIO AND STATISTICS					
Earnings					
(Loss)/earnings per ordinary share	**(2,7)**	(114,4)	(67,5)	102,6	(33,3)
Headline loss per ordinary share	**(14,1)**	(71,5)	(33,0)	10,0	24,9
Profitability					
Return on net tangible assets[1]	**5,5**	6,2	3,8	1,8	27,2
Operating profit margin[2]	**3,3**	1,8	2,6	5,6	6,8
Funding and liquidity					
Interest-bearing debt to equity – net of cash (:100)[3]	**10,9**	19,1	29,7	42,3	59,6
Total liabilities to equity (excluding deferred tax) – net of cash (:100)[4]	**62,6**	78,8	72,4	77,4	106,4
Current ratio (:100)[5]	**149,4**	1 18,6	133	155,2	125,0
Interest cover (times)[6]	**2,0**	2,9	1,9	3,8	4,5
Ordinary share statistics					
Net asset value per ordinary share (cents)[7]	**840**	835	956,2	861,6	761,6
Net tangible asset value per ordinary share (cents)	**789**	773	859,4	987,1	741,1
JSE market prices					
Year end	**385**	500	700	725,0	665,0
High	**490**	800	800	775,0	951,0
Low	**322**	420	500	405,0	613,0
Average price traded during the year	**383,95**	667,0	642,0	679	807
Ordinary shares traded during the year (R'000)	**26 924**	21 104	53 132,8	20 258	10 333
Market capitalisation 28 February (R'm)	**520**	676	945,9	979,7	898,8
Earnings yield (%)[8]	**(3,7)**	(14,3)	(4,7)	1,4	3,7
Price-earnings ratio 28 February (:100)[8]	**(27,3)**	(7,0)	(21,2)	72,5	26,7

[1] *Profit before tax including exceptional items per net tangible assets.*
[2] *Profit before interest and tax over revenue.*
[3] *Interest-bearing debt over equity.*
[4] *Total debt over total equity.*
[5] *Current assets over current liabilities.*
[6] *Profit before exceptionals and interest over net interest expense.*
[7] *Equity attributable to ordinary shareholders per share.*
[8] *Headline earnings per share divided by the share price. It is the reciprocal of the price earnings ratio.*

Board of Directors

Robin Moore• (56)

Chief Executive Officer

Executive director

BCom (UCT)

Date of appointment: 1 November 2012

A graduate of the University of Cape Town, Robin has held numerous senior positions within Nampak, Africa's largest packaging company. He was initially involved in the Liquid Packaging and Tufbag operations before transferring to the UK to manage the Company's first acquisition there. Between 1995 and 2002 he managed the Liquid Plastics division and was instrumental in establishing it as the leading producer of plastic milk bottles in the UK. In 2002, Robin was appointed as MD of Nampak Plastics Europe, a position he held until his return to South Africa in 2004. He was MD of Nampak's Flexible cluster until joining Astrapak as CEO.

Manley Diedloff (46)

Group Managing Director and Chief Financial Officer

Executive director

BCom (Accounting)

Date of appointment: 12 January 2005

Manley Diedloff completed his articles with Fisher Hoffman & Stride in December 1994. He was then employed as a financial manager with Bupa Health Services in the United Kingdom before joining HSBC Bank Plc as internal audit manager. Upon his return to South Africa, he joined Grinaker Construction as an accountant and after three years moved to Astrapak as Group Accountant. He was appointed to the Board on 1 January 2005 and has held various positions in Astrapak including that of Group Financial Manager, Group Commercial Manager and Business Development Director. He was appointed Chief Financial Officer on 1 December 2008, Acting Chief Executive Officer on 1 June 2012 and Group Managing Director on 1 November 2013 before assuming the additional responsibility as Chief Financial Officer again on 1 March 2014.

Phumzile Langeni†• (42)

Chairman

Independent non-executive director

BCom (Accounting) (Hons) (Business Management)

Date of appointment: 18 March 2009

Phumzile Langeni is also the Executive Chairman of Afropulse Group. She previously served as an economic adviser to the Honourable BP Sonjica, the Minister of Minerals and Energy. Prior to that, Ms Langeni was Vice-President of investor relations and an executive director of Anooraq Resources. A stockbroker by profession, Ms Langeni has served as an executive director of Barnard Jacobs Mellet ("BJM" Securities, Mazwai Securities and Real Africa Durolink ("RAD") Securities. Ms Langeni also serves as independent non-executive director of Massmart Holdings Limited, Mineworker's Investment Company, Primedia Proprietary Limited, Redefine Properties Limited and Metrofile Holdings Limited.

Paul Botha† (53)

Non-executive director

BA LLB, Dip Company Law, Dip Tax

Date of appointment: 30 July 2008

Paul Botha is Chief Executive Officer of Metier and a principal of the Lereko Metier Capital Growth Fund. He is an attorney and notary public having been in private practice since 1986. In 1998, he established an advisory division for Brait and was its CEO until 2003. Previously, he was a senior commercial law partner in the Johannesburg practice of Fasken Martineau (previously named Bell Dewar & Hall), where he specialised in mergers and acquisitions and cross-border work across a number of industries. Paul has an outstanding record in executing corporate transactions of which the majority have involved private equity transactions and the entrepreneurial multidisciplinary assignments which Metier targets.

Thabo Mokgatlha* (41)

Independent non-executive director

Hons BCompt (CTA), CA(SA)

Date of appointment: 21 July 2014

Thabo was previously Head of Treasury and Business of the Royal Bafokeng Nation and Financial Director of Royal Bafokeng Resources Management Services Proprietary Limited. He was a non-executive director of Royal Bafokeng Holdings Proprietary Limited. He joined the Implats board in February 2003 as a nominee of the Royal Bafokeng Nation. He is an independent director and member of the audit committees of Impala Platinum Holdings Limited, Hyprop Investments Limited and York Timbers Limited.

Günter Steffens* (78)

Independent non-executive director

OBE

Date of appointment: 18 March 2009

After taking banking exams in Germany he worked for banks in Canada, Switzerland and France. Dresdner Bank AG transferred him to London to establish the bank's office there. As General Manager he ran Dresdner Bank in London for 25 years and subsequently managed their business as Geographic Head for South and southern Africa in Johannesburg. He retired in 2002 and is now a non-executive director on numerous listed and unlisted companies in SA, Germany and the UK.

Craig McDougall*•^ (63)

Independent non-executive director

BA, PDM

Date of appointment: 1 August 2012

Craig McDougall has extensive operational management experience at SABMiller, where he served for 29 years in numerous management and executive roles including Managing Director of operating companies – including start-up operations in Africa and Europe and Operations Director for Africa and Asia. He also served on many boards of SABMiller companies and associate companies as an executive director, and retired from SABMiller in 2009. He is currently a management consultant working in a variety of capacities including coaching/mentoring; formulating and implementing business plans/strategies and interim management.

Salome Ratlhagane (31)

Company Secretary

BCom (Accounting) (Hons), CA(SA)

Date of appointment: 18 December 2015

Salome Ratlhagane completed her articles with Deloitte (Johannesburg) and qualified as a chartered accountant in 2011. At the end of her articles, she went on a secondment to Stamford Connecticut USA where she was exposed to various financial services clients. On her return to South Africa, she took up an accountant position at MultiChoice Africa before joining Astrapak in March 2013 as an assistant Group Financial Manager. In August 2014, she was promoted to Astrapak's Group Financial Manager. She was appointed Company Secretary 18 December 2015.

† Member of the Remuneration and Nominations Committee
** Member of the Audit and Risk Committees*
• Member of the Social and Ethics Committee
^ Member of the Capex Committee

Resignations

Vashnee Mahadeo (39) Company Secretary 18 December 2015

Corporate governance report

Principles of corporate governance

The Board endorses the principles and values of good corporate governance contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (jointly "King III"), which became effective on 1 March 2010. The Board is committed to transparency, ethical leadership and accountability. The directors understand that the six capitals – being financial, manufactured, intellectual, human, social and natural are interconnected and direct the Group's operations in such a way that performance is assured in all aspects.

Governance and compliance overview

During the period under review, the Board has made every effort to further align the Company with the principles and practices of King III, and to improve compliance with the JSE Listings Requirements in this regard.

Compliance with King III recommendations

	Compliant	Partially compliant	Not compliant
Ethical leadership and corporate citizenship			
Effective leadership based on an ethical foundation	√		
Responsible corporate citizen	√		
Effective management of the Group's ethics	√		
Boards and directors			
The Board is the focal point for and custodian of corporate governance	√		
Strategy, risk, performance and sustainability are inseparable	√		
Directors act in the best interests of the Group	√		
The Chairman of the Board is an independent non-executive director	√		
Framework for the delegation of authority has been established	√		
The Board comprises a balance of power, with a majority of non-executive directors, the majority of whom are independent	√		
Directors are appointed through a formal process	√		
Formal induction and ongoing training of directors is conducted (note 1)		√	
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	√		
Regular performance evaluations of the Board, its committees and the individual directors	√		
Appointment of well-structured committees and oversight of key functions	√		
An agreed governance framework between the Group and its subsidiary board is in place	√		
Directors and executives are fairly and responsibly remunerated	√		
Remuneration of directors and senior executives is disclosed	√		
The Group's remuneration policy is approved by its shareholders	√		
Audit Committee			
Effective and independent	√		
Suitably skilled and experienced independent non-executive directors	√		
Chaired by an independent non-executive director	√		
Oversees integrated reporting	√		
A combined assurance model is applied to improve efficiency in assurance activities	√		
Satisfies itself of the expertise, resources and experience of the Group's finance function	√		
Oversees internal audit	√		
Integral to the risk management process	√		
Oversees the external audit process	√		
Reports to the Board and shareholders on how it has discharged its duties	√		

	Compliant	Partially compliant	Not compliant
The governance of risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance	√		
The Audit Committee assists the Board in carrying out its risk responsibilities	√		
The Board delegates the risk management plan to management	√		
The Board ensures that risk assessments and monitoring are performed on a continual basis	√		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	√		
Management implements appropriate risk responses	√		
The Board receives assurance of the effectiveness of the risk management process	√		
Sufficient risk disclosure to stakeholders	√		
The governance of information technology			
The Board is responsible for information technology ("IT") governance	√		
IT is aligned with the performance and sustainability objectives of the Group	√		
Management is responsible for the implementation of an IT governance framework	√		
The Board monitors and evaluates significant IT investments and expenditure	√		
IT is an integral part of the Group's risk management	√		
IT assets are managed effectively	√		
The Audit Committee assists the Board in carrying out its IT responsibilities	√		
Compliance with laws, codes, rules and standards			
The Board ensures that the Group complies with relevant laws	√		
The Board has a working understanding of the relevance and implications of non-compliance	√		
Compliance risk forms an integral part of the Group's risk management process	√		
The Board has delegated to management the implementation of an effective framework and processes	√		
Internal audit			
Effective risk-based internal audit	√		
Written assessment of the effectiveness of the Group's system of internal controls and risk management	√		
Internal audit is strategically positioned to achieve its objectives	√		
Governing stakeholder relationships			
Appreciation that stakeholders' perceptions affect the Group's reputation	√		
Management proactively deals with stakeholder relationships	√		
There is an appropriate balance among the Group's various stakeholder groupings	√		
Equitable treatment of stakeholders	√		
Transparent and effective communication to stakeholders	√		
Disputes are resolved effectively and timeously	√		
Integrated reporting and disclosure			
Ensures the integrity of the Group's integrated annual report	√		
Sustainability reporting and disclosure is integrated with the Group's financial reporting	√		
Sustainability reporting and disclosure is independently reviewed (note 2)		√	

[1] *An induction programme exists; however, there is no continuous formal development of directors. Directors are made aware of legislation changes as they occur.*

[2] *The Group has employed the services of GSA Campbell to help collate and analyse sustainability information. GSA Campbell will be providing assurance on the sustainability report.*

The above table illustrates the extent of the application of the King Principles ("King III").

Corporate governance report continued

The Board of Directors

Astrapak is headed by an effective unitary Board that both leads and controls the Group. The Board remains satisfied that an appropriate balance of power and authority is maintained, such that no individual possesses sole decision-making authority, and that no individual or block of individuals dominates the Board's deliberations or its decision making. In this way, the interests of all stakeholders are protected.

The Board comprises seven directors of whom five are non-executive directors. One of the non-executive directors is not independent. The JSE guidelines were applied in testing the independence and categories most applicable to each director.

Non-executive directors have no fixed term of office. Astrapak's memorandum of incorporation provides for the rotation and re-election of directors, in that one-third of the Company's non-executive directors retire at every Annual General Meeting. Should they be willing to continue to serve on the Company's Board, the directors are then re-elected through an ordinary resolution.

The two executive directors (Chief Executive Officer and Chief Financial Officer/Group Managing Director) have both entered into employment and retention contracts with the Group, with a three-month or shorter notice period from either party. Neither of the executive directors has an employment contract with the Group exceeding three years.

The Board can be described as a well-balanced and ethical Board. The non-executive directors bring balance and valuable insights to all Board deliberations. All directors understand their fiduciary duties and are aware of their duty to act in the best interest of the Company at all times.

The Board is responsible for revising the Group's strategic direction, monitoring performance against plans and budgets, assessing the levels of compliance with relevant legislation, considering governance structures, and reviewing competitor activity and best practice, locally and internationally.

The Board and its committees consist of directors with the appropriate balance of skills, experience and knowledge to enable them to discharge their duties and responsibilities – this has placed the Group in a fortunate position. Furthermore, the Board regularly receives sound advice on a timely basis that enables it to remain ahead of the evolution of corporate governance practices.

Chairman and Chief Executive Officer

The role of the Chairman, an independent non-executive director, is separate from that of the Chief Executive Officer. Their roles and functions are formalised and each has a specific and defined set of duties in order to prevent overlap of obligations and responsibilities and to eliminate any possible conflict of function.

The CEO takes full responsibility and is accountable for the operations of the Group and provides leadership to the executive team. He is also accountable for the effectiveness of governance practices. The Chairman leads the Board, represents the Board to shareholders, builds and maintains shareholders' trust and confidence and facilitates constructive relations between executive and non-executive directors. As is the case for all non-executive directors, the Chairman is required to retire and stand for re-election at least once every three years.

Composition and structure

The following changes occurred to the Board of Directors between 1 March 2015 and the date of this integrated annual report:

Ms Vashnee Mahadeo resigned as Company Secretary with effect from 18 December 2015.

Ms Salome Ratlhagane was appointed as Company Secretary with effect from 18 December 2015.

Independence of Board members

As indicated above, the JSE guidelines were applied in testing the independence and categories most applicable to each director. Based on this assessment, the Board found Phumzile Langeni, Günter Steffens, Craig McDougall and Thabo Mokgatlha to be independent non-executive directors, while Paul Botha is regarded as a non-independent non-executive director.

Communication with the Board

Apart from the Group's Annual General Meeting, and the various associated practices as determined by the Companies Act and other relevant legislation, a number of mechanisms exist for communication between the Group's stakeholders and the Board. One of the most effective of these mechanisms has proven to be the implementation of a tip-off line managed by Tip-Offs Anonymous. Any information received via the tip-off line must be reported to the Audit and Risk Committees, and must be resolved to the committee's satisfaction.

In the period under review, the tip-off line has received five tip-offs, each of which has been investigated and addressed in accordance with this requirement.

Personal financial interests of directors

Astrapak maintains a full list of the personal interests of directors. They are afforded the opportunity to update their declarations at each quarterly Board meeting.

During the reporting period, the Group considered any potential conflicts of interest caused by any commercial relationships or outside interests of its non-executive directors, and found no reason to believe that these would influence the fiduciary responsibilities, or time and attention, which non-executive directors need to devote to the Group and its affairs.

During the year, none of the directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries.

Succession planning and induction

A formal and transparent process is followed when appointments to the Board are made. Appointments are considered by the Board as a whole, assisted by the Nominations and Remuneration Committee.

The Group's induction programme is aimed at introducing new directors to key aspects of the business and providing them with insights as to their rights and obligations. As a rule, new directors are introduced to the various key business operations, the overall strategy, their rights and obligations from a King III, JSE and legal perspective, and their fiduciary duties as directors. Specific development needs are also addressed, where reviewed/identified.

Rotation of directors

As mentioned above, one-third of the directors are subject to retirement (and re-election) at each Annual General Meeting. In addition, King III requires that one-third of the non-executive directors should rotate annually.

Board and committee performance evaluations

King III recommends that an evaluation of the Board and committees be conducted annually. This evaluation was conducted during the reporting period, and the results were considered by the Board. All directors were found to have executed their responsibilities in keeping with the expectations of the Company and the recommendations of King III.

Meetings, agendas and information needs

All directors possess the requisite knowledge and experience to execute their responsibilities, and all participate actively in the proceedings at Board meetings. Non-executive directors contribute an impartial view on matters considered by the Board and enjoy significant influence on deliberations at meetings.

The Board meets at least four times per year and more frequently if circumstances dictate. Meetings are conducted in accordance with formal and structured agendas. The Chairman sets the agenda for each meeting in consultation with the Chief Executive Officer and the Company Secretary, and ensures that all substantive matters requiring the Board's attention are included on the agenda.

All directors are afforded the opportunity to add matters to the agenda and the non-executive directors ensure that the Chairman promotes proper deliberation of all key strategic issues at meetings, including the governance of IT risk and sustainability matters.

Board papers are circulated to the directors well in advance of meetings, so as to allow sufficient time for directors to properly scrutinise the content thereof and formulate questions. Directors are supplied with comprehensive and accurate information that enables them to effectively discharge their responsibilities.

Agendas and the content of Board and committee papers are regularly reviewed for effectiveness and relevance, as are the information requirements of the Board and its committees. All directors have unrestricted access to relevant Group information.

Non-executive directors have access to all members of management should they require. Notwithstanding these arrangements, there remains a very clear division between the responsibilities of the Board and management.

Non-executive directors are also mandated to meet separately from executive directors as and when required to discuss matters of concern.

In terms of the Board Charter and the terms of reference of each Board committee, all directors and committee members are entitled, at the Group's expense, and by following a proper prescribed procedure, to seek independent professional advice to

Corporate governance report continued

assist them in executing their duties in a prudent manner. No director requested to seek such advice during the year.

The Board has identified Astrapak's key stakeholders and encourages shareholders to attend annual general meetings.

Board committees

While the Board remains accountable and responsible for the performance and affairs of the Group, the Board has the additional assistance of five permanent subcommittees which have been appointed to assist the Board in discharging its duties and obligations, namely the Audit Committee, Risk Committee, Nominations and Remuneration Committee, Social and Ethics Committee and Capex Committee. All the committees have defined terms of reference in place. In addition to these five committees, ad hoc subcommittees are created from time to time to assist with specific subject matters.

The Board has the power at any time to remove a director from the Board in accordance with the provisions of the Company's memorandum of incorporation, the Companies Act and, in the instance of non-executive directors, their letters of appointment.

A director's membership on the subcommittee will automatically and immediately terminate when his or her directorship is terminated.

Each committee has a clear mandate and operates in accordance with its own specific written terms of reference, as adopted by the relevant committee and approved by the Board. Committee meetings are conducted in accordance with formal and structured agendas, ensuring that pertinent matters receive the required attention. Agendas and the content of committee papers are regularly reviewed for effectiveness and relevance and members have the opportunity at each meeting to add matters to the agenda.

The terms of reference provide that Board committees may seek independent outside professional advice when deemed necessary at the cost of the Company subject to a proper process being followed. The minutes of subcommittee meetings are included in the Board papers and the content of the meetings summarised by the chairman of each subcommittee in a report at each Board meeting.

The charters of the Board and committees are reviewed annually.

Table 1 below records the number of meetings held and the attendance of such meetings by various committee members. Table 2 provides a summary of the membership of each subcommittee.

Table 1: Meetings held and attended during the 2016 financial year

	Board attendance		Executive Committee		Audit Committee		Risk Committee		Nominations and Remuneration Committee		Social and Ethics Committee		Capex Committee	
Column	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
TV Mokgatlha	4	4			4	3	4	4						
RI Moore	4	4	10	9	4	4	4	4	4	4	4	4	2	2
M Diedloff	4	4	10	10	4	4	4	4	4	4	4	4	2	2
PC Botha	4	4							4	4				
GZ Steffens	4	3			4	4	4	3	4	4				
C McDougall	4	3			4	4	4	4			4	4	2	2
P Langeni	4	4							4	4	4	4		

Column A indicates the number of meetings held during the period the director was a member of the Board and/or subcommittee.

Column B indicates the number of meetings attended during the period the director was a member of the Board and/or subcommittee.

Table 2: Constitution of subcommittees

Subcommittee	Status of chairman	Number of independent non-executive directors on committee	Number of non-independent non-executive directors on committee	Number of executive directors
Audit Committee	Independent non-executive	3	–	–
Risk Committee	Independent non-executive	3	–	–
Nominations and Remuneration Committee	Non-independent non-executive	2	1	–
Social and Ethics Committee	Independent non-executive director	2	–	1
Capex Committee	Independent non-executive director	2	–	–

Audit and Risk Committees

The Audit and Risk Committees form an integral component of the Group's overall compliance and risk management process. They report internally to the Board on their statutory duties as well as other duties assigned to them by the Board. In addition, the Audit Committee reports to shareholders on the extent to which they carried out their statutory oversight duties in respect of the external auditors, the appropriateness of the financial statements, the accounting practices as well as the effectiveness of internal financial controls and the integrity of the integrated annual report.

Audit Committee

Thabo Mokgatlha, an independent non-executive director, is the chairman of the Audit Committee. Craig McDougall and Günter Steffens are both independent non-executive directors.

The executive directors, a delegation from the independent external auditors, internal auditors, risk managers and subject matter experts all attend by invitation, as required.

The committee members possess vast experience in the fields of finance, risk, audit, compliance, banking and corporate governance, and consequently have the necessary qualifications, skills and experience to fulfil their obligations. Notwithstanding their extensive knowledge and skills, whenever necessary, the committee obtains advice from specialists in other fields of expertise to assist it in carrying out its duties.

The committee reports to the Board on the extent to which it has executed its responsibilities as defined by King III, the Companies Act, the committee's terms of reference and its annual plan. More details on the duties performed by the Audit Committee are provided in the annual financial statements.

The committee meets on a quarterly basis. All non-executive directors have an open invitation to attend the committee's proceedings.

At least once every quarter, the committee chairman meets with the internal and external auditors without the presence of executive management representatives. In the month preceding the publication of the Group's year-end financial results, the committee chairman also meets with the external auditors, to discuss the financial statements and the findings from their audit. Internal audit for the Group is outsourced, independent and it performs risk-based internal audits.

Further details regarding the activities of the Audit Committee are provided on page 7 of the annual financial statements.

No material weakness in financial controls was identified which results in actual financial loss or fraud. The Audit Committee has assessed the expertise of both the Chief Financial Officer and the finance department and is satisfied that both have appropriate expertise, skills and experience to enable them to fulfil their obligations to the Group.

Corporate governance report continued

As evidenced by the aforementioned, the committee has appropriately addressed all its oversight responsibilities in respect of sustainability reporting, internal financial controls, financial accounting controls, financial and fraud, as well as IT risks related to financial reporting.

Risk Committee

Günter Steffens, an independent non-executive director, is the chairman of the Risk Committee. Craig McDougall and Thabo Mokgatlha are both independent non-executive directors.

The Risk Committee meets at least quarterly and is responsible for monitoring risk management in the Group, while the Board retains overall accountability for risk in general. The role of the committee is to assist the Board in carrying out its risk analysis and management responsibilities and to ensure that processes are in place to enable complete, timely, relevant and accurate risk disclosure.

The Board has delegated to executive management the responsibility of implementing and executing the Board's risk strategy by means of risk management plans, systems and processes. A risk management plan and policy have been developed and communicated throughout the Group, so as to ensure that an appropriate risk control framework is maintained and that risk is integrated into the day-to-day activities of the Group.

The committee expresses an annual opinion and monitors the Group's levels of risk tolerance. Risks are prioritised, ranked and rated through the Barn-Owl technology platform, in order to focus management's responses and interventions. A systematic, documented, formal assessment of the risks affecting the Group is conducted on an ongoing basis, and detailed reports and risk registers are reviewed and presented at least twice per year. Key risks are reported to the Audit Committee and, where necessary, escalated to the Board.

As an example, the committee will be responsible for reviews regarding the adequacy of systems and controls, interest rate and liquidity risks, market risk, legislative risk, corporate governance and reputation risks, credit risk, exchange rate exposure, investment risk, insurable losses, as well as insurance risks, business continuity risk and financial risk. As recommended by King III, the committee also monitors that an effective IT internal control framework exists, that the IT strategy is integrated and aligned with the Group's strategy and business processes, and that IT risks are addressed appropriately.

The Group has not taken any undue risk in the pursuit of reward and has suffered no material loss during the review period as a result of any unusual or undue risk taken. Given the processes and measures described above, the Risk Committee is of the view, and has accordingly provided an assurance to the Board, that risk is managed and controlled prudently and effectively throughout the Group.

Nominations Committee

The committee comprises three members. The members are Phumzile Langeni, Paul Botha and Günter Steffens. Phumzile Langeni, an independent non-executive director, chairs this committee.

The Nominations Committee is responsible for driving succession planning, and for establishing processes and criteria to identify suitable candidates for appointment to the Board. When assessing Board succession, and upon identifying any shortcomings in Board composition, the committee makes recommendations to the Board aimed at enhancing the Board's combined skills set or experience. The committee also screens potential candidates and advises the Board regarding the appointment of individuals who are best able to discharge the responsibilities of directors.

Directors are appointed on the basis of skill, acumen and experience, so as to ensure the widest possible positive impact on the activities of the Group.

The committee also considers chair and members' terms in office, as well as the need for balancing continuity with fresh perspectives.

Remuneration Committee

The Remuneration Committee comprises three members. The members are Paul Botha, Günter Steffens and Phumzile Langeni. Paul Botha, a non-executive director, is the chairman of this committee.

The Chief Executive Officer and the Group Managing Director attend this meeting by invitation.

The principal role of the remuneration function is to assist the Board in determining and implementing the Group's remuneration philosophy, and to review and approve the remuneration and employment terms of directors and senior Group executives.

The committee meets at least twice a year regarding remuneration, and its primary objective is to ensure that directors and executives are remunerated fairly and responsibly, so as to ensure that their services are retained and that their interests are aligned with the interests of shareholders.

The remuneration policy of the Group is aligned with its strategy and promotes individual performance. It aims to attract, retain and motivate talented executives and is benchmarked to remuneration levels, both within and outside the Group. The committee takes advice from external remuneration specialists as and when required.

Within the boundaries of the policy, remuneration for executives consists of an all-inclusive total cost-to-company fixed element, a variable element and a share-based incentive. The fixed element of remuneration is reviewed annually. The annual variable element of reward is awarded as an incentive to executives to achieve predetermined financial and strategic targets. The performance-related elements of remuneration constitute a substantial portion of the total remuneration package of executive directors to ensure that performance is linked to achievement of strategic goals.

In consultation with the Board Chairman, the committee sets the forward-looking remuneration of non-executive directors, based on benchmarked remuneration information from the Group's peers and the wider industry. These fees are fixed for the year ahead and are approved via a special resolution of shareholders at the Annual General Meeting. The remuneration of non-executive directors comprises a fixed fee irrespective of meetings attended and does not include any share-based or other performance-linked incentives that might encourage a short-term focus on Group performance.

Capex Committee

In light of the steady increase in capital expenditure within the Astrapak Group over the past several years, as well as increases in ad hoc capex, the Board created a Capex Committee, to assess capex applications before these are presented to the Board. This committee comprises an independent non-executive director who acts as the committee chair and an alternate non-executive director. The Chief Executive Officer and Group Managing Director attend the committee's meetings by invitation.

During the reporting period, the committee was chaired by Craig McDougall.

The responsibilities of the committee include:

- ensuring that the Group manages and monitors its capital expenditure programme in accordance with the latest approved budget and strategic plan, the capex authority limits in force at the time and in line with applicable Standard Operating Procedures ("SOPs");
- approving capex requests timeously and in accordance with the capex authority limits;
- reviewing the Group's applicable SOPs to ensure that they are relevant and complete;
- recommending changes to the Group's return on investment requirements and hurdle rates;
- ensuring that post-capex reports are completed timeously and in accordance with SOPs;
- confirming that all capex-related matters are properly and accurately reported in accordance with the Board's requirements; and
- reviewing the Group's available capital financing facilities on a periodic basis, so as to ensure that they are sufficient to fund capex requirements.

Social and Ethics Committee

This committee comprises two independent non-executive directors and the Chief Executive Officer. The Group Managing Director and the Group Human Resources Executive attend this committee's meetings, as invitees. The Social and Ethics Committee is chaired by Craig McDougall, an independent non-executive director. Phumzile Langeni and Robin Moore are members of this committee.

The committee is centrally involved in the execution of a number of the Group's sustainability initiatives, particularly as these relate to issues of employee relations, social responsibility and community engagement.

The committee discharges its duties in accordance with its terms of reference, statutory requirements, with other voluntary and mandatory standards applicable to the Group and its operations.

Corporate governance report continued

Its responsibilities include:

- monitoring the Group's level of compliance with various regulatory requirements, as well as with voluntary social, ethical and best practice codes;
- promoting good corporate citizenship, in areas such as the promotion of equality, the prevention of unfair discrimination and the reduction of corruption, through the application of measures such as the OECD recommendations and the United Nations Global Compact Principles, contribution to community development, sponsorship, donations and charitable giving, and responsibility in areas such as environmental preservation, health and public safety;
- creating and developing a corporate culture that celebrates diversity and embraces transformation;
- promoting broader economic participation by and within the Group;
- developing a skills-based personnel profile that is both inclusive and representative of national demographics;
- measuring achievements in areas related to employment equity and B-BBEE;
- enhancing the positive impact of the Company's activities, products or services on the communities within which it operates;
- fostering positive relationships with clients and consumers, including through activities such as advertising; public relations; and compliance with consumer protection regulations; and
- creating positive employment relationships, through measures such as contributions towards the educational development of employees, improvements in working conditions and compliance with relevant standards such as the International Labour Organisation Protocol on decent work and working conditions.

Subject matter experts and other individuals who can add value to a specific subject, attend the meetings from time to time by invitation. The committee meets at least twice per annum.

Executive Committee

The Executive Committee is a senior management committee chaired by the Chief Executive Officer, and all divisions or business units within the Group and the Group executives are invited to attend as and when required. The committee meetings are attended by the Group Managing Director, Chief Financial Officer, Company Secretary and other senior executives. The committee meets monthly as well as on an ad hoc basis regarding urgent issues. The purpose of this committee is to:

- translate the Board's strategic directives into operational level strategic plans and ensure, through ongoing monitoring, the successful implementation of these plans;
- monitor Group performance in accordance with the strategic plans; and
- address any item considered crucial for business success.

The committee monitors strategic business goals, day-to-day operations-related challenges, performance reviews, risk, compliance, governance and IT matters, succession planning, sustainability issues, transformation progress, strategic project developments and other Group issues. It also facilitates the formulation and monitoring of Group policies and procedures.

Code of Conduct and Business Ethics Policy

Astrapak is committed to the highest ethical standards of business conduct, in line with the Group's values as described above. All employees are accordingly expected to maintain the highest standards of integrity and ethics in their dealings with suppliers, customers, business partners, stakeholders, government and society at large. The Group does not tolerate any form of corruption, violation of law or unethical business practices.

All Astrapak employees are required to adhere to the Code of Conduct and Business Ethics Policy for the Group. The objective of the policy is to promote and support the application of the Company values in all dealings of management, employees or representatives of the Group, with all stakeholders, whether internal or external.

The Code of Conduct and Business Ethics Policy is intended to provide guidance to employees regarding ethical standards related to all aspects of Astrapak's operations, including corrupt and anti-competitive behaviour, confidentiality of information, remuneration and incentive practices, electronic communication, substance abuse and various other relevant issues. All Astrapak employees are required to sign the code, in order to signify their commitment to the principles and provisions contained therein.

Responsibility for the implementation of the Code of Conduct and Business Ethics Policy lies with the Board's Social and Ethics Committee. In this regard, the committee on an ongoing basis monitors the performance of the Group and its employees against these documents. It will also on a periodic basis review the provisions of the documents, in order to ensure that they remain an accurate representation of the values of the Group.

Legal compliance

The Board's Risk Committee closely and proactively monitors the Group's compliance with applicable legislation and regulations. The Group has an appropriate compliance framework in place and is fully compliant, or working towards full compliance, with all the material provisions of applicable laws and regulations.

Strategic business goals

The Board closely monitors strategy achievement and is intensely aware of the changing dynamics of the industry and the economy, so as to ensure that the Group adapts timeously to benefit from changing circumstances. The Board and Executive Committee regularly review the Group's strategic intent for the medium and long term.

Employment practices

The Group and its employees aim to be professional in all their business dealings and strive to enhance the Group's reputation in the business community. The Group endeavours to form solid and lasting relationships with customers and suppliers.

The Group continues to pursue its employment equity objectives and invests in the development of its employees and rewards their performance. Every employee is expected to interact in a professional manner with other employees and to respect the cultural, religious and ethnic diversity of the workplace.

Astrapak respects the values, culture and beliefs of the communities in which it operates and undertakes to consult with the communities on matters that affect them.

The Group believes in the importance of a clean and healthy work environment for the well-being of its employees. All Group companies strive to achieve the highest safety and environmental standards.

Insider trading, closed periods and securities trading code

No employee or director or officer of the Group may deal, directly or indirectly, in Astrapak ordinary or preference shares on the basis of unpublished price-sensitive information regarding the business or affairs of the Group.

The Group twice annually defines closed periods, which are adhered to strictly. As a general rule, closed periods commence at the results reporting dates, namely 29 February and 31 August of each year, and end once the results have been disclosed to the market. Closed periods are also observed prior to corporate actions as required by the JSE Rules.

The Board Charter contains a dealing code that regulates dealings in the Group's shares. Executives and directors are required to obtain written approval from the Chairman prior to dealing in any Group securities. Records of all transactions and approvals in respect of executives and directors are maintained by the Company Secretary and all directors' dealings are timeously declared on SENS. Any changes in directors' shareholdings are reported at each Board meeting and annually disclosed in the integrated annual report.

Price-sensitive information

In accordance with the JSE's guidelines on price-sensitive information, the Group has adopted various policies dealing with the following issues:

- The determination of price-sensitive information.
- Discussions with the press, institutions and shareholders.
- Closed periods during which no director or affected employee is permitted to trade in the Company's shares.

Financial control and reporting

The directors are responsible for ensuring that Group companies maintain adequate records and report accurately and reliably on the financial position, activities and results of the Group. Financial reporting procedures are applied in the Group at all levels to meet this responsibility.

Financial and other information is constantly reviewed and remedial action taken where necessary. Improvements in the quality of reported information are continuously effected through the replacement or upgrading of information systems.

The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Appropriate accounting policies are consistently applied, unless an accounting policy requires revision or there is a requirement to adopt new accounting standards, in which case proper disclosure is made. Reasonable and prudent judgements and estimates are made in order to properly disclose the Group's financial status, and these are reviewed by the external auditors and the Audit Committee.

Corporate governance report continued

Principal internal financial control procedures

The Board holds overall responsibility for ensuring that the Group maintains a system of internal financial control that provides reasonable, but not necessarily absolute, assurance regarding the reliability of the financial information used within the business and for publication, and that ensures that assets are safeguarded.

Prudent financial controls and procedures are in place, including controls involving the segregation of incompatible duties and controls relating to the security of assets. The operations and effectiveness of internal financial controls are maintained and reviewed on a regular basis.

Procedures for seeking and obtaining approval for financial transactions are contained in the Group's levels of authority document, and are applied diligently across the Group's finance operations.

The Group operates a comprehensive annual planning and budgeting process. The annual budget is approved by the Board. The financial reporting system compares results with plans, budgets and previous years' results, in order to identify deviations on a daily and monthly basis. Reports include regular cash flow statements, income statements and balance sheets projected for 12 months ahead, which are used, among others, to determine future funding needs.

Company Secretary

The Board is assisted by a suitably qualified, competent and experienced Company Secretary, who is not a director and who has been empowered to effectively fulfil her responsibilities. While providing guidance as required to the Board collectively, and to each director individually, regarding the discharge of their responsibilities, the Company Secretary maintains an arm's length relationship with the Board.

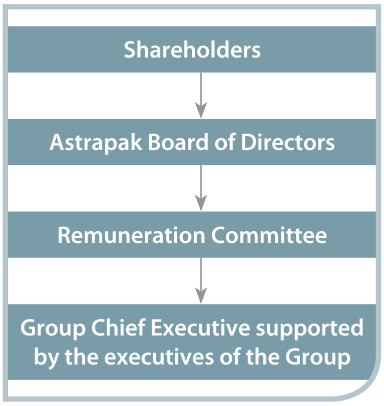
Among other responsibilities, the Company Secretary advises the Board regarding appropriate procedures for the management of meetings and ensures that a prudent corporate governance framework is maintained throughout the organisation. The Company Secretary also assists with the evaluation of Board members, and facilitates the induction of the new directors into the Group.

Based on the outcome of a formal assessment conducted by the Chairman, Chief Executive Officer, Chief Financial Officer and Audit Committee Chairman, the Board is of the opinion that the Company Secretary, who holds a BCom honours (accounting) degree, possesses the competence, knowledge and experience to carry out the duties of a company secretary of a public company and is suitably independent of the Board to be an effective steward of the Group's corporate governance framework. The Chairman holds regular meetings with the Company Secretary and assesses her performance and provides guidance where necessary.

Remuneration report

Remuneration philosophy and policy

The philosophy and policy governing remuneration and the quantum thereof is determined via the levels of authority in the diagrammatic framework below.



The Remuneration Committee of Astrapak ("Remco") ensures that reward is supportive of and in alignment with the strategy of the Group. Its mandate is approved by the Board following consultation with interested parties such as shareholders, Board members, Executive Committee members and advisers.

The design of Astrapak's remuneration structures is informed by the review of local and packaging sector-specific remuneration trends and practices. Remuneration, both guaranteed and variable, is in keeping with packaging industry trends and South African business norms and is benchmarked accordingly. Astrapak uses various independent information providers to ensure that it remunerates employees competitively and care is taken to select appropriate peer groups, ensuring comparison with a similar market sector and comparable size. Among others, PwC and Deloitte have been consulted to ensure that the Company obtains professional advice related to remuneration and rewards.

Responsible remuneration has to be in line with sound governance and needs to take account of the performance and degree of value creation of Group companies during a financial year and over the medium to longer term in the interest of business sustainability.

Executives and senior managers are rewarded appropriately for performance achieved in their respective business units. Consideration is also given to Group performance and market-related compensation benchmarks.

The level and quantum of remuneration needs to attract, retain and motivate good quality people at executive level and across the Group. Consideration is given to what is equitable within the Group and in line with the interests of providers of capital.

Astrapak strives to ensure a rounded and inclusive Group approach to its remuneration philosophy for both senior executives and the general staff. The primary determinant of remuneration for blue collar factory staff is through industry-wide collective bargaining.

Responsibilities and meetings

The members of the Remco, their meeting attendance summary and responsibilities are summarised in the governance section.

Directors

Details of the Astrapak directors' remuneration is covered in table 1 on page 55 and table 4 on page 57.

Total cost-to-company remuneration

A total remuneration package and its various elements are linked to market-related norms, degree of influence and complexity of the role in the Company. The balance between fixed and variable pay is structured according to seniority and responsibility.

Remuneration practices, policies and processes are non-discriminatory and reflect differentiation in the role performed and expected level of performance.

Astrapak is a substantial and important plastic packaging company in South Africa. The Group aspires to be an employer of choice and the cost-to-company remuneration, *inter alia*, reflects that.

The likely cost to the businesses is an important consideration in the design of remuneration structures and an efficient approach to remuneration is adopted, applying common structures where applicable across business units. Appropriate flexibility to respond to the competitive environment is allowed but kept to a minimum and requires necessary justification.

Incentivising performance

The turnaround strategy and implementation required a remuneration policy that rewards effort and success. The Group has rolled out a new performance management system in its endeavour to support and drive business performance. The system will ensure that there is a performance contract for every position that defines the objectives and outputs required of the person holding down a particular job. Future focus is on finalising team KPIs for lower-level production teams.

Remuneration report continued

Performance contracts and incentive structures need to ensure that there is a correlation between what is paid and what is delivered. These performance measures are financial and non-financial over particular time periods and are regularly monitored through performance reviews.

Key elements of remuneration

Remuneration of salaried employees consists of both a guaranteed total cost-to-company package and an incentive element. Short-term incentives apply to all salaried employees of a certain level. Historically, long-term incentive schemes have applied exclusively to senior management.

The proportional weighting of variable remuneration generally increases in line with higher levels of authority and required skills.

Guaranteed remuneration

The guaranteed element of remuneration comprises a basic salary, qualifying allowances and compulsory benefits. Compulsory benefits include life and disability cover and defined contribution retirement funding, medical aid and car allowances if necessary.

Short-term incentive schemes

The primary role of short-term incentives ("STIs") is to align employee and Company interests to achieve the agreed objectives in a particular year, encourage desired behaviour and reward excellence.

STIs are based on a series of financial targets and personal objectives. Financial targets are specific to the operation or division of employment of a participant and would include an appropriate allocation against specific targets associated with EBITDA, net working capital, capex and any other specific or strategic financial measures identified by the Remuneration Committee. The traditional split between financial targets and personal objectives is a 70:30 ratio. Personal objectives are determined with reference to the position held by a participant and the specific areas such participant can influence to enhance the performance of the Company.

Incentive awards are generally self-funding, which requires that financial targets need to be met inclusive of the cost of the incentives.

There are certain instances where the Remco deems it appropriate to set specific personal objectives that drive the long-term strategy and future profitability of the business but that may not be self-funding in the year in which they are implemented.

The key principles of the short-term incentive scheme include minimum qualifying service periods in the year, pro rata adjustments for service periods of less than a year and a pre-condition of being in the employment of the Group at the payment date.

Annual management incentive scheme

The Company currently has a management incentive scheme that runs over a 12-month period and ensures that employees who have successfully achieved the performance targets set over this period are compensated in line with their performance targets.

For governance purposes, performance against these targets is only reviewed and payments are only made after the receipt of the audited accounts for the year.

The management incentive scheme, in general, is weighted 70% to financial performance and 30% to achievement of individual employee targets or Key Performance Indicators ("KPIs").

For the 2015 financial year, short-term incentives totalling R8,1 million were earned and paid out in the 2016 financial year. This represents 38,7% of the total potential incentive pool allocated. A further R1,7 million, representing 8,2% of the incentive pool, were paid out on an "ex gratia" basis.

Chief Executive Officer, Robin Moore, and Group Managing Director, Manley Diedloff, were each set specific KPIs for the 2015 financial year. Incentives paid to them based on achievement of these KPIs were as follows:

R'000	Designation	% of TCC	Potential	Earned	% of TCC
Robin Moore	CEO	100	3 510	2 106	60,0
Manley Diedloff	Group MD	100	3 071	1 842	60,0

For the 2015 financial year, the KPIs that the executives were required to deliver on were as follows:

- Improving the Group's B-BBEE rating from level 4 to level 3.
- Introducing controls around operational efficiency and waste.
- Increasing the Group's overall risk rating to a minimum of 90%.
- Reducing DIFR levels.
- Finalising medium-term contracts with certain core customers.
- Exiting the Hilfort Plastics, Knilam Packaging, Cinqpet and East Rand Plastics businesses.
- Closing the Denver facility.
- Planning the closure of the Bronkhorstspruit operation.
- Implementing demand and supply planning in the Moulding and Forming divisions.
- Devolving the Group risk register to individual operations.
- Completing and commercialising certain capex projects.
- Reducing head office costs.
- Limiting impairments to discontinued operations only.

All incentives earned have been discounted by 10% where transformation targets have not been met and by an additional 10% where health and safety targets have not been met.

Long-term incentive schemes

The primary role of a long-term incentive ("LTI") scheme is to create long-term sustainable value creation for shareholders and to provide participants with sufficient exposure to attract, retain, motivate and reward executive directors and senior management for their roles in doing so.

In terms of the existing Astrapak Share Option Scheme, no share options were issued or exercised during the current or comparative period, with 0,555 million options forfeited or cancelled. The 4,620 million (2015: 5,175 million) share options outstanding as at 29 February 2016 had a weighted average share price of R6,30 (2015: R6,26) and a weighted average remaining contractual life of 5,28 years (2015: 5,41 years).

The Group introduced a Cash-settled Share Appreciation Rights ("SARs") Scheme for key senior executives during the year. The SAR Scheme allows executive directors and senior executives to earn a long-term incentive amount calculated based on the increase in the Astrapak Limited share price between the grant date and the vesting and exercise of such rights. All awards in terms of the SAR Scheme are to be cash-settled. The objective of the scheme is to recognise the contributions of senior executives to the Group's financial position and performance and to retain key employees. The vesting of the SARs is subject to specific performance conditions, including a minimum share price of R9,00 and the continued employment of the participant. SARs are granted for a period of six years, with half vesting 12 months from grant date and the balance vesting 24 months from grant date.

In terms of IFRS 2, liabilities relating to cash-settled share-based payments are adjusted to fair value at financial position date. The estimated fair value of the SARs was calculated using the Black-Scholes model, with inputs as set out below:

Date of grant	1 March 2015	29 February 2016
Number of share appreciation rights granted	3 700 000	2 731 400
Exercise price (Rand)	7,00	7,00
Share price at grant date (Rand)	5,00	4,00
Share price at financial position date (Rand)	4,05	4,05
Expected volatility expressed as %	45,80	46,89
Time to expiry/expected life in years	6,00	6,00
Risk-free rate of return (%)	6,64	8,01
Expected dividend yield (%)	–	–
Fair value per SAR in Rand at measurement date	0,68	0,36

Remuneration report continued

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous five years. This was then annualised on the assumption of 252 trading days. The risk-free rate used was that a remaining equal to the expected life of the SAR as required by IFRS 2.

The Company recognised a total expense and a corresponding liability of R1,730 million (2015: Rnil) relating to these cash-settled SARs.

Details of SARs issues during the financial year are detailed in table 2 on page 56.

Staff retention agreements

Where deemed necessary, the Company enters into specific retention agreements with employees that are deemed to hold critical positions within the business. These ensure a long-term commitment and skills retention where it matters most.

These are also linked to individual performance where appropriate.

Given the importance of Robin Moore and Manley Diedloff to the turnaround strategy of the Group, a three-year retention agreement was entered with each of them. (Refer to table 3 on page 57).

The 2016 and 2017 payments accrue interest at 6% from 1 March 2015.

The first and second instalments have both been paid in terms of the agreements and both executives are still in the employ of the Company.

Wages earners

The majority of the Company's employees are in the wage-earning category. These employees fall within the Bargaining Council and their terms and conditions are regulated through industry collective agreements. The Company participates in relevant industry forums to ensure that it makes input into these negotiations.

During 2014, the plastics industry introduced the Plastics Negotiating Forum ("PNF") under the umbrella of the Metal and Engineering Industries Bargaining Council ("MEIBC") to negotiate terms and conditions of employment for the plastics industry and a two-year wage agreement was concluded in June 2014. This agreement has been implemented without incident by the Group in each of the last two years. While there is litigation under way in the labour courts regarding the validity of the establishment of the PNF as well as the extensions of the last two MEIBC wage settlements by the Minister of Labour to the plastics industry, the Group has continued to fully support the PNF as the appropriate forum for future negotiations. The last case was heard on 10 March 2016 and at the time of writing this report, judgement was still awaited.

Accounting for remuneration

International Financial Reporting Standards ("IFRS") and the Group's accounting policies determine the accounting treatment of each component of remuneration, with detailed disclosures within the relevant notes to the annual financial statements.

Costs are accounted for in relation to the applicable service rendered with deferred short-term incentives being expensed over the applicable qualifying periods, adjusted for the expected outcome of applicable performance conditions.

The liability for the long-term cash incentive scheme is measured annually utilising probability-adjusted future expected outcomes present valued at the appropriate risk-free rates. Equity-settled share-based payments are valued at grant date and expensed over the vesting periods.

Table 1: Executive directors' and prescribed officers' remuneration

Remuneration

R'000	Basic salary	Car allowance	Benefit fund contri-butions	Total fixed remune-ration	Total flexible remune-ration*	Total fixed and flexible remune-ration	Share-based payments expense – share options	Cash-settled share appre-ciation rights expense	Total remune-ration
Executive directors									
2016									
R Moore	**3 098**	**52**	**570**	**3 720**	**3 106**	**6 826**	**741**	**915**	**8 482**
M Diedloff	**2 625**	**160**	**471**	**3 256**	**2 692**	**5 948**	**240**	**778**	**6 966**
	5 723	**212**	**1 041**	**6 976**	**5 798**	**12 774**	**981**	**1 693**	**15 448**
2015									
R Moore	2 924	52	534	3 510	1 414	4 924	615	–	5 539
M Diedloff	2 500	127	445	3 072	1 233	4 305	240	–	4 545
	5 424	179	979	6 582	2 647	9 229	855	–	10 084

** Includes payments of R1 million and R0,850 million made to R Moore and M Diedloff respectively in terms of retention agreements concluded.*

R'000	Basic salary	Car allowance	Benefit fund contri-butions	Total fixed remune-ration	Total flexible remune-ration	Total fixed and flexible remune-ration	Share-based payments expense – share options	Cash-settled share appre-ciation rights expense	Total remune-ration
Prescribed officers									
2016									
Officer A	**1 414**	**240**	**198**	**1 852**	**305**	**2 157**	**81**	**7**	**2 245**
Officer B	**1 298**	**96**	**182**	**1 576**	**251**	**1 827**	**–**	**–**	**1 827**
Officer C	**1 597**	**101**	**111**	**1 809**	**210**	**2 019**	**129**	**8**	**2 156**
Officer D	**1 415**	**–**	**198**	**1 613**	**249**	**1 862**	**–**	**13**	**1 875**
Officer E*	**1 485**	**101**	**223**	**1 809**	**–**	**1 809**	**–**	**13**	**1 822**
	7 209	**538**	**912**	**8 659**	**1 015**	**9 674**	**210**	**41**	**9 925**
2015									
Officer A	1 310	240	286	1 836	464	2 300	81	–	2 381
Officer B	1 202	96	215	1 513	481	1 994	70	–	2 064
Officer C	1 388	101	77	1 566	427	1 993	129	–	2 122
Officer D	1 288	101	187	1 576	–	1 576	–	–	1 576
	5 188	538	765	6 491	1 372	7 863	280	–	8 143

**Appointed 1 March 2015.*
The prescribed officers also include the three highest paid employees.

Remuneration report continued

Table 2: Executive directors' and prescribed officers' share options and SARs

Share options

Name	Options granted	Original issue price (cents)	Date granted	Expiry date	Options exercised	Options cancelled	Balance as at 29 February 2016
R Moore	1 100 000	685	27 Nov 12	27 Nov 20	–	–	**1 100 000**
	940 000	573	3 Oct 13	3 Oct 21	–	–	**940 000**
	2 040 000						**2 040 000**
M Diedloff	135 000	240	14 Apr 02	14 Apr 10	135 000	–	**–**
	365 000	240	18 Oct 02	18 Oct 10	365 000	–	**–**
	150 000	375	5 May 03	5 May 11	137 676	12 324	**–**
	100 000	895	8 Nov 04	8 Nov 12	33 333	66 667	**–**
	1 050 000	684	9 Mar 09	9 Mar 17	–	–	**1 050 000**
	620 000	573	3 Oct 13	3 Oct 21	–	–	**620 000**
	2 420 000				671 009	78 991	**1 670 000**
Prescribed officers							
Officer A	210 000	573	3 Oct 13	3 Oct 21	–	–	**210 000**
Officer C	100 000	820	29 Mar 11	29 Mar 19	–	–	**100 000**
	150 000	573	3 Oct 13	3 Oct 21	–	–	**150 000**
	250 000				–	–	**250 000**
	4 920 000				671 009	78 991	**4 170 000**

Share appreciation rights – cash settled

Name	SARs granted	SAR award price	Share price at date of SAR award	Date of award	Expiry date	SARs exercised	SARs cancelled	Balance as at 29 February 2016
R Moore	2 000 000	7,00	5,00	1 Mar 15	1 Mar 21	–	**–**	**2 000 000**
M Diedloff	1 700 000	7,00	5,00	1 Mar 15	1 Mar 21	–	**–**	**1 700 000**
Officer A	496 650	7,00	4,00	29 Jan 16	29 Jan 22	–	**–**	**496 650**
Officer C	554 750	7,00	4,00	29 Jan 16	29 Jan 22	–	**–**	**554 750**
Officer D	840 000	7,00	4,00	29 Jan 16	29 Jan 22	–	**–**	**840 000**
Officer E	840 000	7,00	4,00	29 Jan 16	29 Jan 22	–	**–**	**840 000**
	6 431 400					–	**–**	**6 431 400**

Table 3: Executive directors' retention payments

In terms of the agreements, the following retention amounts are payable after the presentation of the audited annual accounts:

R'000	Designation	May 2015	May 2016	May 2017	Total
Robin Moore	CEO	1 000	1 500	2 500	5 000
Manley Diedloff	Group MD	850	1 275	2 125	4 250

Table 4: Non-executive directors' remuneration

Remuneration

R'000	Directors' fees	Consulting services	Total remuneration
2016			
Non-executive director			
P Langeni	**358**	**–**	**358**
PC Botha*	**324**	**–**	**324**
GZ Steffens	**391**	**–**	**391**
C McDougall**	**375**	**1 193**	**1 568**
TV Mokgatlha[1]	**386**	**–**	**386**
	1 834	**1 193**	**3 027**
2015			
Non-executive director			
P Langeni	328	–	328
PC Botha*	259	–	259
GZ Steffens	406	–	406
C McDougall**	344	440	784
TV Mokgatlha[1]	194	–	194
	1 531	440	1 971

** Paid to Metier Investment and Advisory Services Proprietary Limited and its subsidiaries.*
***Relates to consulting fees paid to C McDougall in his personal capacity.*
[1] *Appointed 21 July 2014.*

Risk management report

The Board is accountable for the total process of risk management and internal control. Its policy on risk management encompasses all significant business risks to the Group including strategic, financial, operational, technological and compliance risks.

This responsibility has been delegated to management, who is responsible to the Board for designing, implementing and monitoring the risk management process and integrating this process into the day-to-day activities of the Company. This has been formally documented, approved and accepted in the Enterprise Risk Management Policy, Enterprise Risk Management Framework and Risk Committee Terms of Reference.

Risk management practices

The risk management practices within Astrapak are based on the COSO: ERM Framework and ISO 31000 enterprise risk management ("ERM") practices. The policy dictates the stance of the Board towards ERM and the expected roles and responsibilities of all levels within the Group. The policy is further supported by defined processes and enabled by an integrated risk, compliance and assurance software application.

Using ERM, Astrapak identifies, assesses, manages, monitors and reports material and emerging forms of risk across the Group that could affect performance.

Information is collected widely, then collated and reported centrally, enabling an early warning system and a transparent view of pervasive and unacceptable risks in all parts of Astrapak. The risk environment is ever-changing, compelling each level of management, from the Board downwards, to continuously appraise their risk environments to ensure that significant risks are timeously identified and acted on.

Risk process

Astrapak's risk management policies and processes have been reviewed and adjusted accordingly, following a "top-down" approach. Formal risk assessments and training have been carried out across Astrapak and the global risk register rolled out to the individual business entities. These in turn are continuously assessed by management, internal and external audit, and independent risk practitioners.

Risk response and assurance

A Group-wide system of internal control has been established to manage significant risks. This provides reasonable assurance that the Company's business objectives will be met. A system of management self-assessment and internal audit review has been implemented and is continually refined to ensure key risk areas are assessed and controlled. Risks are further controlled and managed by Group policies that limit exposure in specific areas such as finance, IT, treasury, human resources, sales and marketing, operations and supply chain, quality assurance, innovation and major projects, health and safety, as well as through external insurance.

Future developments

A consolidated risk register is in place that details specific risk exposures and related values at risk, control standards, critical success factors and key risk indicators for all identified key risks.

Astrapak will continue refining its ERM programme by:

- embedding our risk policy framework and internal risk reporting mechanisms;
- regularly reviewing and embedding our enterprise risk and control self-assessment systems to enable assessments of our control over risk, together with the identification of emerging risk exposures;
- enabling the respective risk management practices through all levels of the organisation to unlock the full ERM value; and
- redefining and reviewing the risk appetite and risk tolerance for the Group at regular intervals.

Key risks

This year the risk management process was consolidated by completing the roll-out of a Group-wide risk register at operational level and conducting a full executive review of the individual and each of the operational registers. The education and training as well as communication with the respective risk coordinators received focused attention – resulting in the further maturation of the ERM process.

Astrapak's risk categories, together with the risks linked to our strategic objectives are:

- Customer
- Financial risk (debtors, general and treasury)
- Human capital
- Innovation
- IT and commercial
- Major projects
- Operational
- Regulatory
- Strategic
- Sustainability
- Transformation.

Each of these identified strategic risks has controls and focused mitigation plans, with these risks monitored and adjusted as required. These risks are presented to the Board in the form of "heatmap matrices" and detailed registers. The detailed controls and mitigation plans are also tabled at operational levels for continuous updating.

Internal audit

The internal audit function provides the Board, the Audit Committee and management of business operations with independent and objective assurance on:

- the effectiveness of internal control systems and related financial information systems (to the extent covered by the approved internal audit plan), providing practical value adding recommendations, as appropriate;
- the reliability and integrity of information, compliance with policies, procedures and regulations, the safeguarding of assets, to the extent covered by the approved internal audit plan; and
- performing follow-up reviews on audit issues raised by internal and external audit

During the review period, the internal audit function continued to be outsourced to PricewaterhouseCoopers ("PwC") in line with the three-year strategic internal audit plan up to the end of February 2017, which was put in place in FY2015. Their operational plan for the year ended 29 February 2016 covered the following main areas:

- Site reviews were conducted at three of the nine Moulding and Forming Group sites, with a further four site reviews planned for the 2017 year
- Internal control cycle reviews were also completed on:
  – the procurement and accounts payable cycle;
  – the sales cycle; and
  – the fixed assets cycle
- The internal management control self-assessment ("CSA") process was also reviewed.

Both management and the Audit Committee believe that the involvement of PwC has significantly improved the internal audit process within the Group.

The primary focus of their programme is the review of key risks within Astrapak, areas of concern highlighted by management, and coordination with the external audit function to reduce the possibility of duplication and to facilitate the considerations of a combined assurance approach. Management CSAs are performed on a monthly basis and were audited by PwC during their site reviews. In addition, they assisted by further expanding and enhancing the CSA formats as well as by providing further training to all the operational financial managers during the period. The internal audit plan is approved annually by the Audit Committee and it will be continually updated based on the ever-changing risk landscape to identify not only existing and residual risks, but also emerging risks, as well as issues highlighted by the Audit and Risk Committee.

The Audit and Risk Committees annually review and ratify the internal audit charter, wherein the purpose, authority and responsibility of the internal audit function is formally defined.

Fraud and illegal acts

The Group does not engage in or accept or condone any illegal acts in the conduct of its business. The Board's policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts. The Group has a Code of Conduct and Business Ethics Policy which includes a whistle-blowing procedure in place through which employees can report illegal acts anonymously to Tip-Offs Anonymous without fear of reprisal. The Tip-offs Anonymous hotline is independently managed by Deloitte who feed through all irregularities reported. These are subsequently investigated and closed out in accordance with agreed guidelines. The awareness of the tip-off facility is enhanced from time to time in the form of posters placed at each operation and pocket cards handed to each employee.

Going concern

The directors report that, after having considered a wide range of factors, they have a reasonable expectation that the Group has adequate resources and facilities available to continue in operation for the foreseeable future. For this reason, the Group continues to adopt the going-concern basis in preparing its annual financial statements.

Relationship with investors

It is Group policy to pursue dialogue with institutional shareholders. To achieve this dialogue, there have been a number of presentations to, and meetings with, investors and analysts to communicate the strategy and performance of the Group. The quality of this information is based on the standards of promptness, relevance and transparency. The Group has a dedicated investor relations and communications team, whose responsibility is to liaise with institutional investors and the media and to arrange presentations and site visits.

The Group encourages all shareholders to attend its Annual General Meeting, which provides shareholders with the opportunity to pose questions to the Board of Directors.

Sustainability report

Economic performance

Financial capital

The accompanying financial statements provide a comprehensive overview of the impacts of Astrapak's activities on the stocks and flows of financial capital within the organisation during the reporting period.

In line with the shift towards reporting according to the principles of the IR Framework, the Group will continue to develop our reporting process, and in future we will attempt to better quantify the effects of impacts of the company's activities on all forms of capital deployed in financial terms.

Raw materials

While the issue of raw materials is multifaceted, Astrapak's primary concerns are related to the availability and consistency in the pricing and quality of raw materials.

- **Raw material availability:** A steady flow of materials is vital to maintain the productivity of the Company.
- **Pricing:** The pricing of raw materials fluctuates with changes in exchange rates, as well as with international commodity and oil price fluctuations. These factors in turn have a direct impact on the profitability and competitiveness of the Group.
- **Quality consistency:** Offering a quality product to the market relies on the Company procuring quality raw materials. Any inconsistencies in the quality of the raw materials procured are reflected in our products.

In the context of these issues, constant engagement with suppliers is vital. Furthermore, Astrapak is becoming more stringent in terms of supplier requirements, so as to ensure minimum supply levels and quality consistency from each supplier. Contractual obligations regarding quality standards have been imposed on all suppliers. Further mitigation measures include the diversification of our supplier base and stringent stock control procedures to maintain minimum levels of raw material supply. Alternative grades of material are being tested and approved across all our sites to ensure continued supply.

These management approaches have proven effective, as evidenced by a significant decline in production interruptions. These systems do, however, require further interventions, and we therefore plan to continue refining them, with the goal of complete mitigation of this risk. The supply relationship with key raw material suppliers has remained at healthy levels. A supply agreement is in place with the major supplier, and good working relationships remain with all of our top 10 suppliers. Astrapak has made significant progress on diversification on key raw materials with several new import and local options.

The South African Polymer Producers price key base raw materials broadly in line with an import parity model. Astrapak conducts extensive bench-marking using global indices and we are continuously confident that the procurement process is efficient and aligned to these parity levels.

Apart from its potential economic impacts, the issue of raw material supply is also highly relevant in the context of Astrapak's environmental impacts. This aspect of the issue is discussed in the environmental section of this report.

Carbon tax

The impending carbon tax, and the costs of compliance therewith, may present some risk to Astrapak's profitability. The Group has since 2011 quantified and monitored its carbon footprint, and as a result has implemented a number of initiatives related to reducing energy and raw materials consumption across all operating units.

In this regard, the Group's management continues to investigate possible avenues to improve energy efficiency and reduce electricity consumption. Further information relating to our carbon footprint and carbon management programmes are dealt with in the environmental sustainability section of the report on page 68.

Value added statement

R'000	February 2016	February 2015
WEALTH CREATED		
Turnover	**1 348 370**	1 388 606
Paid to suppliers for material and services	**849 551**	1 082 683
Subtotal	**498 819**	305 923
Interest and income from investments	**12 266**	13 372
Wealth created	**511 085**	319 295
WEALTH DISTRIBUTED		
Employees: remuneration and benefits	**299 727**	275 559
Providers of capital		
Interest paid on borrowings	**34 976**	34 396
Dividends paid to preference shareholders	**12 718**	10 890
Providers of capital	**47 694**	45 286
Central and local government	**78 214**	72 220
WEALTH REINVESTED		
Depreciation	**71 860**	65 899
Retained profit	**(3 902)**	(143 309)
Deferred taxation	**17 492**	3 640
Reinvested in Group to maintain and develop operations	**85 450**	(73 770)
Total	**511 085**	319 295
A. VALUE ADDED RATIOS		
Number of employees	**1 681**	1 094
Turnover per employee (Rand)	**802**	1 269
Value added per employee (Rand)	**297**	280
Wealth added per employee (Rand)	**304**	292
Average benefit per employee (Rand)	**178**	252
B. SUPPORTING INFORMATION		
(i) Total employees: remuneration and benefits		
Salaries, wages, overtime, commissions, bonuses and allowances	**299 727**	275 559
Total employees: remuneration and benefits	**299 727**	275 559
(ii) Central and local government		
Current taxation (actual tax paid over 12 months (YTD), not accrued)	**30 404**	17 463
Rates and taxes paid to local authorities	**1 110**	2 547
Customs duties, import surcharges and excise taxes	**1 077**	3 442
Gross contribution to central and local government	**32 591**	23 452
Less: Government cash grants and subsidies	**3 977**	4 040
Central and local government	**28 614**	19 412
(iii) Additional amounts collected by the Group on behalf of government		
Value added tax (actual VAT paid over 12 months (YTD), not accrued)	**27 113**	22 747
Employee tax deduction from remuneration paid	**22 487**	30 061
Additional amounts collected on behalf of government	**49 600**	52 808
Total	**78 214**	72 220

Social performance

Human capital

We rely on our talented workforce to bring their ingenuity, resourcefulness and a shared passion for innovation to help us create a sustainable organisation. Our commitment to our employees is two-fold – firstly by providing skills development opportunities for professional growth and development; and secondly by placing safety performance as a priority at every level of the organisation.

These two priorities enjoy the explicit support of the Group's leadership, as well as substantial investment in employees, and in the systems designed to support them.

In accordance with the six capitals model of the IR Framework, Astrapak seeks to quantify all activities aimed at developing human capital in terms of both investment in this process and the returns achieved from this investment.

A number of human capital-related issues are currently being prioritised, including:

- the implementation of a Group-wide performance management system aimed at promoting a high-performance culture;
- capacity development through training, career development and the creation of a succession pipeline;
- the creation of a corporate culture that accurately reflects the values of the organisation;
- transformation through employment equity and Broad-Based Black Economic Empowerment ("B-BBEE");
- effective stakeholder management and engagement; and
- enhancing change management capacity within the Group.

At the end of the financial year, the Group employed 1 335 full-time and 230 part-time employees.

Transformation

According to independent third-party verification, Astrapak was a level 3 B-BBEE contributor for the 2014/15 financial year. This status was based on the old scorecard and comprised the elements in the table below.

The Group completed its annual audit based on the new scorecard in May 2016 and achieved a level 4 B-BBEE rating. This is in line or better than market predictions that most companies will fall by one or two levels based on the new scorecards.

BEE element	Target score	Actual score
Ownership	25	25,00
Management control	19	9,48
Skills development	20	16,06
Enterprise and supplier development	40	26,13
Socioeconomic development	5	5,00

At the end of the current reporting period, Astrapak's employment equity profile among permanent employees was as follows:

	Male				Female				Foreign nationals		
Occupational level	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	1	0	1	4	0	0	0	0	0	0	6
Senior management	0	1	2	13	2	1	2	4	1	0	26
Professionally qualified and experienced specialists and mid-management	6	5	16	41	1	3	6	9	0	0	87
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	79	101	61	57	7	23	8	13	9	1	359
Semi-skilled and discretionary decision making	40	28	11	15	14	20	13	29	1	0	171
Unskilled and defined decision making	288	151	31	21	95	89	3	3	4	1	686
Total permanent	**414**	**286**	**122**	**151**	**119**	**136**	**32**	**58**	**15**	**2**	**1 335**

Regulatory compliance and non-discrimination

Astrapak is a member of the Plastics Convertors Association of South Africa ("PCASA"), and aims to implement strategies to fully comply with all terms and conditions prescribed by the organisation once the legal challenges around the Plastics Negotiating Forum ("PNF") are finalised.

Furthermore, the Group periodically conducts random audits to ensure its compliance with all relevant aspects of the Metal and Engineering Industries Bargaining Council ("MEIBC") agreement, which regulates the relationship between the Group and its employees, as represented by a number of recognised trade unions.

Astrapak's employment policies comply with the prescriptions of both the Universal Declaration of Human Rights and the South African Constitution. The Group therefore complies with all relevant employment laws and regulations, particularly in relation to various material employment-related issues. Specifically, Astrapak's employment policies prohibit the employment of child labour, while the Group also does not tolerate any inhumane treatment of employees, including any form of forced labour.

Key non-discrimination principles are included in the Company's Code of Conduct and Business Ethics Policy, which explicitly states that Astrapak will not tolerate discrimination of any nature in the workplace, and that the Group will eliminate all forms of unfair discrimination where these may appear.

Furthermore, the issue of non-discrimination is monitored on an ongoing basis by the Group's Employment Equity Committees, which have been trained to effectively address any incidents of this nature.

Astrapak's human resources department analyses all disciplinary incidents to ensure that any issues of discrimination are effectively addressed, in the event that these arise. Employees are also encouraged to report incidents of discrimination, while victims of discrimination can anonymously report such incidents through the Group's tip-off line.

Some work is currently underway in line with equal pay for work of equal value as recommended by employment equity legislation. The intention is to identify any of these challenges where they exist and put plans in place to address these should there be such cases across the Group.

Collective bargaining

Astrapak recognises and respects the right of all its employees to freedom of association, and there is significant representation among employees with various trades union and associations, namely the National Union of Metalworkers of South Africa ("NUMSA"), the United Association of South Africa ("UASA"), Solidarity, the Chemical Energy Paper Printing Wood and Allied Workers Union ("CEPPAWU") and the Metal and Electrical Workers Union of South Africa ("MEWUSA").

The overall level of union membership within Astrapak is 20% across the Group.

With regard to collective bargaining, this process as a rule takes place under the auspices of the MEIBC, of which Astrapak is a member.

Skills development

Human resource development is a core business strategy for Astrapak, while at the same time being a requirement in terms of the Company's skills development and B-BBEE commitments. Attracting, developing and retaining skilled professionals is recognised as being vital to the achievement of the Group's business objectives. As a result, Astrapak continues to prioritise capacity building through learnerships, internships and related programmes.

The past financial year has seen Astrapak streamline its processes around skills development. A training and development unit has been established to assume full responsibility over matters of human resource development across the Group. This unit is responsible for the implementation of overall employee development strategies, in collaboration with the Group's various operational divisions, as well as with accredited training institutions across South Africa.

Over the past year, the principal focus within the Group has been the implementation of training interventions aimed at supporting the ongoing restructuring and turnaround strategy.

Social performance continued

During the 2015/16 financial year, the focus of the Company's training efforts was on the provision of learnership support to employees, with a total of 146 employees engaged in learnership programmes at various levels. Of these, 92% were classified as historically disadvantaged, while 37% were historically disadvantaged female employees.

In total, Astrapak provided more than 32 721 hours of training to its employees during the reporting period, with 88% of these hours being allocated to historically disadvantaged employees and 19% to historically disadvantaged female employees.

Occupational health and safety

To ensure a safe work environment and to eliminate the risk of work-related injuries, Astrapak continues to focus on safety methods and programmes with the involvement of the entire work force as well as contractors and visitors to minimise risk within the work environment. With continued awareness programmes and legal compliance assurance, Astrapak has managed to reduce work-related injuries with the main aim for zero work-related incidents and accidents.

The Group complies fully with the Occupational Health and Safety ("OHS") Act, No 85 of 1993 and Regulations, as well as the Compensation of Occupational Injuries and Diseases Act.

Astrapak believes that all injuries and occupational illnesses can be prevented, and that safety is every employee's responsibility. Our health, safety and environment ("HSE") team coordinates the development and implementation of policies and procedures that protect the health and safety of our employees. The HSE team maintains a structured management system that helps improve our safety performance. Additional focus on risk and the further development of risk committees led to the reduction and management of risk as well as a capacity to deal with the issues timeously.

In order to ensure a minimum standard of compliance with the OHS Act, the group uses a collective baseline scoring system. This innovative auditing methodology has been linked to an employee recognition system that drives compliance while supporting a continuous improvement process for health and safety at manufacturing plant level.

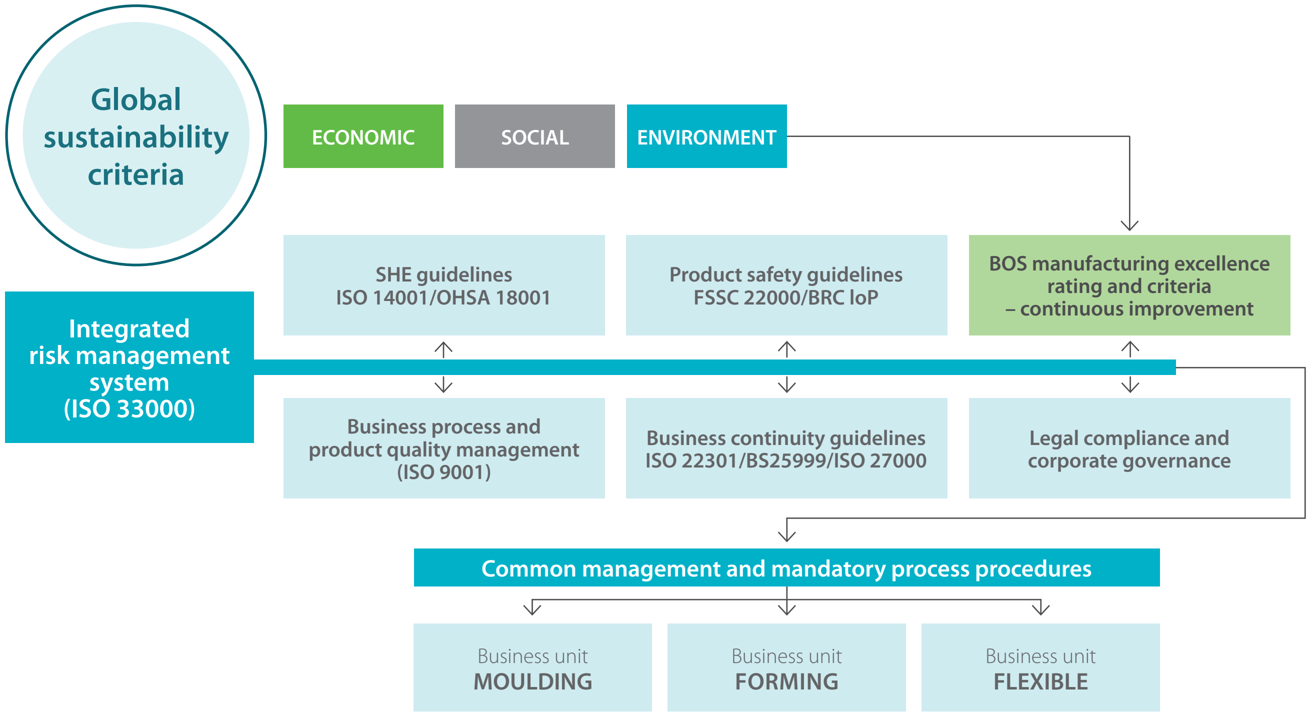
Our Risk Committees regularly review and consider our OHS Act performance. An electronic risk management platform was launched to promote self-assessment and to manage issues such as scheduled internal and external audits and legislated inspection frequencies.

As at the end of the 2015/16 financial year, the Group achieved a risk audit compliance score of 93% as measured by independent risk assessors appointed in consultation with the Group's insurance providers. The target for the upcoming financial year, as well as for all future audits, is to increase this score to above 95%.

Astrapak has in 2015/16 continued with the standardisation of management systems and continued with the implementation and improvement of management systems ensuring compliance to legislative as well as customer specific requirements.

Furthermore, this year, Astrapak has also continued with the implementation of a Group integrated risk management system based on the ISO 3300 standard for risk management. This system covers topics such as:

- SHE guidelines (ISO 14001/OHSA 18001)
- Business process and product quality management (ISO 9001)
- Business continuity guidelines (ISO 22301/BS25999/ISO 27000)
- Product safety guidelines (FSSC22000/BRC IoP)
- Business operating system ("BOS") manufacturing excellence rating and criteria for continuous improvement
- Legal compliance and corporate governance
- Global sustainability criteria (economic, social and environmental)
- Common management and mandatory process procedures.



As a result of the various developments described above, particularly the consolidation of the Group's approach to OHS issues and identification of areas of high risk, individual manufacturing facilities are in a position to initiate improvements in areas such as employee exposure to noise, poor air quality, insufficient lighting and hazardous materials. At the same time, all employees, contractors and visitors to the Company's facilities are expected to fully comply with the revised policies in these areas, with a zero-tolerance position adopted regarding non-compliance.

As a condition of their employment, new employees undergo entry medicals and occupational hazard screening, while periodic testing is conducted on all operational employees. To mitigate risk to the Group, the company has developed a policy that will require exiting employees to undergo exit medicals, as stipulated in their employee contracts. The policy implementation process has recently been initiated.

Health and safety performance

In line with Astrapak's commitment to providing its employees and contractors with a safe and secure working environment, the Group has developed and implemented a programme to monitor occupational injuries and reduce the incidence of these.

For the year under review, the Disabling Injury Frequency Rate ("DIFR") within Astrapak was 3,5 injuries per 200 000 hours worked. According to the Department of Labour, the average DIFR figure for the light manufacturing industry is 5,0 injuries per 200 000 hours worked. In spite of the fact that Astrapak's performance in this area is slightly better than the industry average, the Group views the current level of injuries as high, and remains committed to improving its performance in this area in the future. In this regard, it is expected that the various initiatives implemented during the reporting period, as described above, will lead to significant improvements in this and other measures of occupational safety in the upcoming financial year.

Environmental performance

Natural capital

Environmental sustainability is a key pillar of Astrapak's sustainability foundation. The Group is committed to continuously improve its environmental data collection and analysis to provide it with the information required to make actionable decisions to conserve and reduce its resource consumption, incidental pollution, and overall environmental impact.

In future reports, the Group will attempt to quantify this natural capital impact. Furthermore, Astrapak remains committed to exploring all avenues for reducing its use of natural resources, and reducing the impact that its operations have on the natural environment.

Principal areas of impact

The Group's principal areas of impact have been identified as (non-renewable) energy consumption, raw material usage, direct waste generation from operations, and end-of-life treatment of manufactured products. Other impact areas include air quality and water conservation. Priority areas that require focus and management include increasing our waste efficiencies and associated costs expenditures. The Group has also identified that compliance with waste and air emission legislation requires ongoing attention.

The Group's key environmental objectives have been identified as the following:

- Continuous measurement and assessment of environmental impacts, identification of the means by which these can be minimised, and development of targets for ongoing improvement in these areas
- Adherence to all regulatory requirements, and adoption of appropriate environmental standards, in all areas of operation
- Ongoing support for the environmental management conservation efforts of relevant industry bodies
- Minimisation of waste through careful and efficient use of all materials and energy
- Use of sustainable or sustainably generated materials wherever feasible (including recycled plastic, bio-plastics and renewable energy)
- Inclusion of environmental considerations in all procurement decisions, wherever feasible and appropriate
- Provision of training for employees in good environmental practice, and encouragement to engage on environmental issues
- Reduction of risks from environmental, health or safety hazards in the vicinity of operations
- Transparency and ongoing communication of environmental initiatives with all internal and external stakeholders.

Industry bodies

In 2004, the South African government introduced a levy on plastic carrier bags aimed at reducing the consumption of plastic bags and their resulting impact on the environment. Industry players have since established various organisations to support this national objective. Ongoing initiatives in this regard include product lifecycle management through reduction of waste to landfill, legislative support and socioeconomic development. These bodies also promote environmental responsibility in the industry through the application of the traditional "three Rs" model of "Reduce, Reuse, Recycle" as a fundamental element of waste management hierarchies.

Astrapak and its subsidiaries are active participants in these industry bodies in various capacities, ranging from Board representation to payment of statutory industry levies, calculated on the purchase of certain polymers.

The table below provides an indication of the total levies paid by the companies within the Astrapak Group during the 2015/16 financial year.

Levy paid

R	Total
Flexibles	749 899
Forming	565 369
Moulding	1 756 444
PET	756 763
Grand total	3 828 475

During the 2015/16 financial year, Astrapak continued with the implementation of its revised environmental strategy, which focuses not only on broad environmental issues that concern the organisation, but also on tangible benefits, both financial and non-financial, that can be achieved through effectively addressing these issues. The Company also further rolled out its sustainability barometer, aimed at monitoring overall improvements in annual targets in areas such as energy use, greenhouse gas emissions, production waste and the use of recycled materials.

Innovation

Over the past financial year, a number of the Group's companies have introduced new products and new innovations in areas as diverse as fruit packing, personal care and the medical industry.

The South African packaging industry holds its Gold Pack Awards competition every two years, with the objective of acknowledging innovative packaging designs, and recognising members of the industry for outstanding contributions in the packaging sector.

The annual competition attracts entries from all over the country from manufacturers who are striving to put innovation into practice and offering customers product differentiation in the market.

Astrapak entered five products in this year's competition and was awarded four medals. The medals were awarded for the following products:

CUSTOMER	PRODUCT	JUDGES' COMMENTS	
Danone Southern Africa	Ultramel Snack – UHT Cup	A clever redesign has created a lightweight cup with an improved vacuum resistance allowing extended ambient shelf life for a product that retails in regions where cold chain control is poor.	Food Category – Silver Judges' Special Mention Medal – Save Food
Le Sel	Home Range – Printed Tube	Superb imagery using flexographic printing directly on to tubes is a first for South Africa.	Health, Beauty, Medical and Pharmaceutical – Silver
Unilever South Africa	Deodorant Collation Tray	This collation tray solves a 20-year-old problem for the secure transportation and display of roll-on deodorants.	Transit – Secondary Packaging, Industrial Electronics and Equipment – Bronze
Priontex	Operating Theatre Tray	A new tray and mould design has delivered enhanced efficiencies for converter and brand owner. While stringent medical specifications limited the scope for redesign, the development of an angular mould insertion technique enabled a mould efficiency improvement of 300%.	Health, Beauty, Medical and Pharmaceutical – Finalist
Elvin	100% rPET 1ℓ bottle	This 100% rPET lightweight bottle is a sustainable, cost-effective solution, replacing virgin PET without compromising manufacturing efficiencies or bottle performance.	Beverages, Non-alcoholic – Finalist

Energy availability and security

In all its operations, Astrapak is dependent on electricity generated by Eskom, South Africa's national electricity utility. Although there have been improvements in service provision, power outages and the unreliability of electricity supply have previously caused many interruptions, which have been a major concern. Energy security is potentially problematic for all of our operating divisions and can affect our production capabilities nationally. Astrapak did look closely at roof-top solar but has not yet invested in any on-site energy generation, mostly because the costs of application at our plants are still prohibitive. We will continue to examine the solar generation option, particularly for our JJ Precision Plastics plant in KwaZulu-Natal.

Energy costs

The issue of a lack of energy security is associated with the certain and steady rise in electricity costs. Eskom's electricity is derived from low-grade coal and results in high carbon emissions per kWh consumed. These constraints have significantly increased the relevance of energy efficiency throughout the Group.

Energy and carbon management

Astrapak is in the process of implementing an integrated Group-wide energy management strategy, which will place particular emphasis on energy management and energy-efficient procurement policies. These measures are intended to contribute to the Group's long-term objective of reducing both energy costs and greenhouse gas emissions generated by its activities.

The Group has recently implemented a month-on-month benchmark reporting system to monitor energy savings, and

Environmental performance continued

two years ago set a medium-term reduction target of 10% per annum on consumption levels. We are pleased to report a reduction of 18,4% over the two-year period.

Energy-saving initiatives

In the 2015/16 financial year, the focus of Astrapak's activities remained the implementation of energy consumption-reducing initiatives such as equipment upgrades. Most of these initiatives are, however, now regarded by the industry to be best practice:

- The replacement of ageing hydraulic machinery with hybrid or all-electric machinery that reduces energy consumption by between 30% and 80%. Other advantages include the elimination of hydraulic oil waste, reduced water consumption, less scrap and reduced machinery downtime
- The installation of variable speed pump systems on chillers and cooling towers, with an estimated 3% reduction in total energy consumption
- The replacement of air-cooled chillers with water-cooled chillers, with an estimated 5% reduction in total energy consumption
- The replacement of air-cooled air-conditioning units with water-cooled models, resulting in an anticipated efficiency gain of approximately 50%
- A shift from air orientation to electric orientation of product with an estimated 5% reduction in total energy consumption (this refers to the process of packing and counting packaging caps – whereas in the past, air was used to orientate the caps, this is now done with vibrating electric motors, resulting in an energy saving).

A reduction in energy consumption has been noted due to effective energy monitoring systems and reduction programmes as well as the merging of key operations.

Environmental indicators

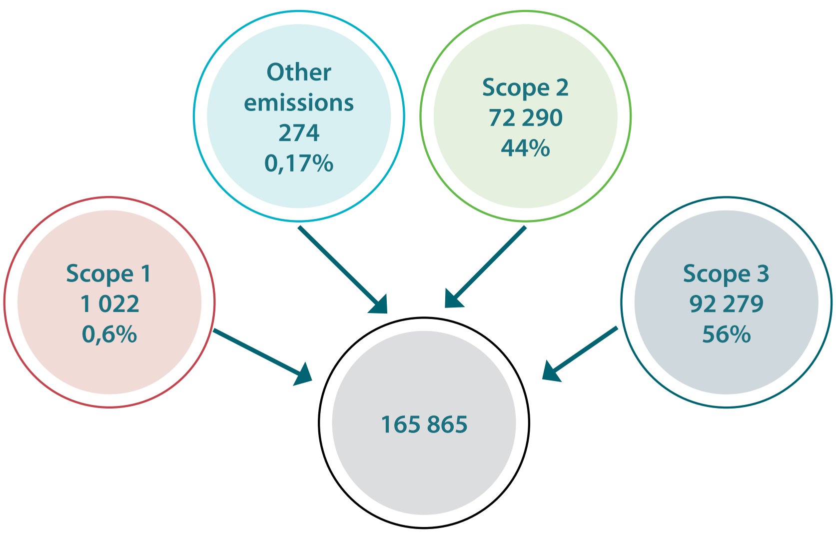
Performance indicator	2016	2015
Total water input (kℓ)	**126 824**	115 915
Energy usage (kWh)	**70 884 073**	71 243 869
Scope 1 and 2 emissions (tons CO_2e)	**73 312**	74 509
Scope 3 emissions (tons CO_2e)	**92 279**	82 115
Plastic raw materials (tons)	**30 090**	26 351
Waste – to landfill or third parties (tons)	**1 217**	1 392
Emissions efficiency (tons CO_2e/ton raw materials)	**5,5**	6,3

Carbon footprint

The greenhouse gas emissions of (a) Astrapak's operations for the period March 2015 to February 2016, and (b) ongoing operations for the same period were independently assessed by GSA Campbell, an external service provider, and the consolidated results of this process were as follows:

- Astrapak's total carbon footprint for the financial period is 209 770 tCO_2e and for the ongoing operations is 165 865 tCO_2e.
- Scope 1 and 2 emissions have decreased by 1,5% in total and for ongoing operations, in spite of increased production in the period. This is largely due to various energy efficiency interventions, some of which have resulted in corresponding financial savings for the Group.
- Scope 3 emissions contribute the highest percentage of the Group's overall carbon footprint at 56%. This is a result of the particularly high carbon emissions footprint associated with the manufacture of plastics, with raw material inputs responsible for the overwhelming majority of this figure at 54% of the Group's

Emissions by scope in tons CO_2e



total footprint. Scope 3 emissions increases in the last financial period are almost entirely therefore the result of increases in production (raw materials consumption).

Scope 2 emissions, arising exclusively from the consumption of purchased electricity, comprise the second-largest contributor at 44% of total emissions, pointing to the energy-intensive nature of plastics manufacturing.

While not as material as electricity consumption or raw materials, there have been meaningful emissions reductions in other areas of the business such as waste (reduced by more than 13%) and travel (reduced by almost 50%). These reductions in particular are a reflection of the strategic approach to cost and impact management in operations.

Raw material consumption and recycling

In embracing a philosophy of "creating more value with less" Astrapak collaborates on an ongoing basis with suppliers and customers, so as to reduce the amount of virgin plastic raw material used in its products, and optimising the use of renewable and recycled materials.

By increasing our internal recycling rates we ensure that our raw material inputs are radically shifted away from primary plastic and toward scrap plastic. We then recycle the scrap and make it into the same products, again and again, creating a continuous, and increasingly closed-loop cycle.

As recycling rates in South Africa improve, the Group's focus in upcoming years will continue to be on increasing the levels of recycled plastic content of its products. Certain products already contain up to 70% recycled PET ("R-PET") or recycled HDPE ("R-HDPE"), and this figure is expected to improve significantly over the next two to three years.

Furthermore, the levels of in-house recycling of plastic waste into products such as refuse bags and agricultural sheeting continues to improve annually. The majority of the Group's printing operations are recycling their used solvents, reducing the impact of this hazardous waste material.

Our recycling initiatives in this financial period have resulted in meaningful savings and this is evidenced in significant reductions in CO_2 emissions from waste.

Product responsibility

As a manufacturer of plastic packaging, Astrapak recognises its responsibility to manage the end-of-life treatment of its products. Consequently, the Group actively supports various industry-wide initiatives related to the collection and recycling of various plastic products, primarily through its membership of plastics industry organisations such as PETCO, PSPC and POLYCO.

These industry bodies are responsible for implementing and supporting projects with a strong focus on public and consumer-based education, including awareness programmes and collection and recycling initiatives that contribute directly to waste reduction and improved recycling rates of plastic products in South Africa.

Waste efficiency

An area of particular focus in terms of waste management is the Group's waste efficiency. Waste generated from our operations is largely captured and recycled back into the production process, resulting in minimum waste generation overall. Other wastes types that cannot be recycled internally are sold to third parties for reuse or recycling. Printing waste, generated from our printing processes, remains an area of concern as these wastes are potentially harmful in nature. Likewise, the generation of industrial process waste water, albeit in small quantities, also requires attention. Our waste consumption has also reduced by 13% due to accurate waste monitoring and our zero to landfill waste reduction programme.

Waste efficiencies remain an area of specific focus for the Group and we will continue with the implementation of measures aimed at reducing the waste levels.

Water conservation

Although not a major consumer of water, Astrapak recognises the importance of water conservation, especially in light of South Africa's water supply constraints. The bulk of the Group's water consumption goes to the cooling moulds used in manufacturing processes, while the overwhelming majority of this water is supplied by the municipalities in which the manufacturing facilities are located.

A 9,4% increase in water consumption has been noted from 2015 to 2016 and this is due to increased production at two plants in particular. It should also be noted that water consumption data for the previous (2015) financial period was understated by approximately 11% due to data capture errors at one of the plants. These errors have been rectified and water consumption data for that period has been updated and restated in the environmental indicators table and in the fast facts table in the introductory section of this report.

Regulatory compliance

Compliance with environmental legislation is an area of particular focus for the Group. In this regard, we are confident of our compliance with the requirements of the Air Quality Act (2004).

Our association with the Printing Industries Federation of South Africa ("PIFSA") and engagement with the Department of Environmental Affairs keep us abreast of the developments in this regard. The listing of printing works as an "environmentally detrimental activity" in terms of section 21 of the Act and the thresholds that will determine whether Astrapak is required to obtain an Air Emission Licence remain unresolved by the relevant stakeholder.

Recent developments regarding the Waste Act (2008) and its subsequent amendments, and our compliance therewith, is an area requiring significant attention. We are committed to 100% compliance and will therefore continue to engage with industry experts and other relevant stakeholders in order to determine the applicability of these regulations to our business.

The cost of regulatory compliance

Our commitment to 100% compliance with environmental legislation is likely to result in increased expenditure for the Group. Costs incurred in this regard will be monitored, and their impact on the Group's profitability is continually considered. Any efforts to optimise the cost of compliance are likely to result in additional benefits related to waste efficiencies, and to improve pollution control measures.

Summarised financial statements

Contents

Summarised financial statements

Independent auditors' report on summary consolidated financial statements for the year ended 29 February 2016

TO THE SHAREHOLDERS OF ASTRAPAK LIMITED

The summarised consolidated financial statements of Astrapak Limited, which comprise the summarised consolidated statement of financial position as at 29 February 2016, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Astrapak Limited for the year ended 29 February 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 19 April 2016. Our auditors' report on the audited consolidated financial statements contained an other matter paragraph "other reports required by the Companies Act" (refer below). Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Astrapak Limited.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of IAS 34: Interim financial reporting and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 *Engagements to Report on Summarised Financial Statements.*

Opinion

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Astrapak Limited for the year ended 29 February 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of IAS 34: Interim financial reporting, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Other reports required by the Companies Act

The "other reports required by the Companies Act" paragraph in our audit report dated 19 April 2016 states that as part of our audit of the consolidated financial statements for the year ended 29 February 2016, we have read the directors' report, the Audit Committee's report and the secretarial certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per Corinne Ringwood
Partner

20 July 2016

Buildings 1 and 2, Deloitte Place
The Woodlands, Woodlands Drive
Woodmead, Sandton

National executive: *LL Bam (Chief Executive Officer), *TMM Jordan (Deputy Chief Execuive Officer), *MJ Jarvis (Chief Operating Officer), *GM Pinnock (Audit), *N Sing (Risk Advisory) *NB Kader (Tax), TP Pillay (Consulting), S Gwala (BPaaS), *K Black (Clients and Industries), *JK Mazzocco (Talent and Transformation) *MJ Comber (Reputation and Risk) *TJ Brown (Chairman of the Board)
*Partner and Registered Auditor

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

Summarised consolidated statement of comprehensive income

for the year ended 29 February 2016

(R'000)	**Audited financial year ended 29 February 2016**	Audited financial year ended 28 February 2015
Revenue	**1 348 370**	1 388 606
Cost of sales	**(1 046 890)**	(1 096 525)
Gross profit	**301 480**	292 081
Other items of income and expenditure	**2 128**	30 131
Distribution and selling overheads	**(104 330)**	(99 392)
Administrative and other expenses	**(154 989)**	(161 309)
Profit from operations before exceptional items	**44 289**	61 511
Exceptional items	**(12)**	(36 632)
Profit from operations	**44 277**	24 879
Investment income	**12 266**	13 372
Finance costs	**(34 976)**	(34 396)
Profit before taxation	**21 567**	3 855
Taxation expense	**(14 887)**	(14 891)
Profit/(loss) for the year from continuing operations	**6 680**	(11 036)
DISCONTINUED OPERATIONS		
Profit/(loss) for the year from discontinued operations	**14 508**	(111 272)
Profit/(loss) for the year	**21 188**	(122 308)
Other comprehensive loss (not to be reclassified to profit and loss)	**(594)**	(4 813)
Total comprehensive income/(loss) for the year	**20 594**	(127 121)
Attributable to:		
Ordinary shareholders of the parent	**(3 902)**	(143 309)
– Loss for the year from continuing operations	**(17 816)**	(27 224)
(Loss)/profit for the year from continuing operations before exceptional items	**(17 804)**	9 408
Exceptional items	**(12)**	(36 632)
– Profit/(loss) for the year from discontinued operations	**14 508**	(111 272)
– Revaluation of land and buildings (net of tax)	**(594)**	(4 813)
Preference shareholders of the parent	**12 718**	10 890
Non-controlling interest	**11 778**	5 298
Total comprehensive profit/(loss) for the year	**20 594**	(127 121)
Loss per ordinary share	**(2,7)**	(114,4)
– Continuing operations	**(14,7)**	(22,5)
– Discontinued operations	**12,0**	(91,9)
Fully diluted loss per ordinary share (cents)	**(2,7)**	(114,0)
– Continuing operations	**(14,7)**	(22,4)
– Discontinued operations	**12,0**	(91,6)

Reconciliation of headline earnings

for the year ended 29 February 2016

(R'000)	**Audited financial year ended 29 February 2016**	Audited financial year ended 28 February 2015
Ordinary shareholders of the parent	**(3 308)**	(138 496)
– Continuing operations	**(17 816)**	(27 224)
– Discontinued operations	**14 508**	(111 272)
Headline loss adjustments		
– Impairment of property, plant and equipment	**1 852**	38 625
– Profit on disposal of property, plant and equipment	**(1 087)**	(2 677)
– Impairment of goodwill	**–**	35 248
– Profit on disposal of business	**(27 663)**	(15 165)
– Total tax effect of adjustments	**13 095**	(4 035)
Headline loss attributable to ordinary shareholders	**(17 111)**	(86 500)
– Continuing operations	**(11 992)**	(2 509)
– Discontinued operations	**(5 119)**	(83 991)
Headline loss per ordinary share (cents)	**(14,1)**	(71,5)
– Continuing operations	**(9,9)**	(2,1)
– Discontinued operations	**(4,2)**	(69,4)
Fully diluted headline loss per ordinary share (cents)	**(14,1)**	(71,2)
– Continuing operations	**(9,9)**	(2,1)
– Discontinued operations	**(4,2)**	(69,1)

Summarised consolidated statement of financial position

as at 29 February 2016

(R'000)	Audited financial year ended 29 February 2016	Audited financial year ended 28 February 2015
ASSETS		
Non-current assets	**886 990**	933 932
Property, plant and equipment	**821 935**	734 314
Goodwill	**61 517**	75 497
Deferred taxation assets	**38**	69 326
Investments and loans	**3 500**	54 795
Current assets	**521 555**	472 038
Inventories	**174 614**	130 378
Accounts receivable	**197 023**	269 069
Investments and loans	**19 599**	–
Taxation receivable	**2 262**	2 577
Cash and cash equivalents	**128 057**	70 014
Assets classified as held-for-sale	**431 962**	688 569
Total assets	**1 840 507**	2 094 539
EQUITY AND LIABILITIES		
Total equity	**1 076 644**	1 074 575
Equity attributable to ordinary shareholders of the parent	**874 368**	867 771
Preference share capital and share premium	**142 590**	142 591
Non-controlling interest	**59 686**	64 213
Non-current liabilities	**252 062**	343 324
Long-term interest-bearing debt	**162 245**	170 190
Deferred taxation liabilities	**89 817**	173 134
Current liabilities	**349 087**	398 168
Trade and other payables and provisions	**263 146**	299 693
Shareholders for preference dividends	**5 493**	4 258
Short-term interest-bearing debt	**76 765**	91 450
Taxation payable	**3 297**	1 637
Bank overdrafts	**389**	1 130
Liabilities relating to assets held-for-sale	**162 714**	278 472
Total equity and liabilities	**1 840 507**	2 094 539

Summarised consolidated statement of changes in equity

for the year ended 29 February 2016

(R'000)	**Audited financial year ended 29 February 2016**	Audited financial year ended 28 February 2015
Opening balance	**1 074 575**	1 214 748
Comprising:		
Ordinary share capital and premium	**199 502**	199 502
Retained income	**664 221**	795 090
Capital reserve	**16 640**	20 980
Non-controlling put options	**–**	(904)
Revaluation reserve	**134 856**	147 296
Treasury shares	**(147 447)**	(147 447)
Equity attributable to ordinary shareholders of the parent	**867 772**	1 014 517
Preference share capital and premium	**142 590**	142 590
Non-controlling interest	**64 213**	57 641
Movements:		
Profit/(loss) for the year	**21 188**	(122 308)
Preference dividend	**(12 718)**	(10 890)
Contributions made by non-controlling interest	**(16 305)**	1 274
Adjustment to fair value of put options	**–**	904
Revaluation reserve	**10 736**	(4 813)
Share-based payment expense for the year	**(832)**	(4 340)
Closing balance	**1 076 644**	1 074 575
Comprising:		
Ordinary share capital and premium	**199 502**	199 502
Retained income	**672 243**	664 221
Capital reserves	**15 808**	16 640
Revaluation reserve	**134 262**	134 856
Treasury shares	**(147 447)**	(147 447)
Equity attributable to ordinary shareholders of the parent	**874 368**	867 772
Preference share capital and premium	**142 590**	142 590
Non-controlling interest	**59 686**	64 213
Total equity	**1 076 644**	1 074 575

Summarised consolidated statement of cash flows

for the year ended 29 February 2016

(R'000)	**Audited financial year ended 29 February 2016**	Audited financial year ended 28 February 2015
Cash generated from operations before working capital changes	**113 273**	37 121
Decrease in working capital	**12 741**	59 041
Net interest and taxation paid	**(58 869)**	(50 146)
Net cash inflow from activities before distributions to shareholders	**67 145**	46 016
Dividend distribution to all shareholders	**(11 483)**	(10 654)
Net cash flow from operating activities	**55 662**	35 362
Capital expenditure	**(132 490)**	(162 851)
Net movement of investments, loans and non-controlling interest	**37 520**	9 563
Proceeds on disposal of businesses and property, plant and equipment	**176 564**	152 817
Net cash flow from investing activities	**81 594**	(471)
Net cash flow from financing activities	**(78 472)**	(28 287)
Net increase in cash and cash equivalents	**58 784**	6 604
Net cash and cash equivalents at the beginning of the year	**68 884**	62 280
Net cash and cash equivalents at the end of the year	**127 668**	68 884

Summarised consolidated segmental analysis

for the year ended 29 February 2016

(R'000)		Rigids**	Flexible*	Total continuing operations	Discon-tinued operations*	Total Group
Revenue for segment	**2016**	**1 448 905**	**–**	**1 448 905**	**737 309**	**2 186 214**
	2015	1 515 248	–	1 515 248	1 155 265	2 670 513
Transactions with other operating segments of the Group	**2016**	**(100 535)**	**–**	**(100 535)**	**(35 510)**	**(136 045)**
	2015	(126 642)	–	(126 642)	(35 493)	(162 135)
Revenue for external customers	**2016**	**1 348 370**	**–**	**1 348 370**	**701 799**	**2 050 169**
	2015	1 388 606	–	1 388 606	1 119 772	2 508 378
Profit/(loss) from operations before exceptional items	**2016**	**44 289**	**–**	**44 289**	**996**	**45 285**
	2015	61 511	–	61 511	(105 642)	(44 131)
Total assets	**2016**	**1 203 625**	**204 920**	**1 408 545**	**431 962**	**1 840 507**
	2015	1 158 094	247 876	1 405 970	688 569	2 094 539
Total liabilities	**2016**	**431 213**	**169 936**	**601 149**	**162 714**	**763 863**
	2015	287 562	453 930	741 492	278 472	1 019 964
Capex	**2016**	**123 975**	**–**	**123 975**	**8 515**	**132 490**
	2015	112 876	–	112 876	49 975	162 851
Depreciation	**2016**	**71 860**	**–**	**71 860**	**–**	**71 860**
	2015	65 899	–	65 899	43 291	109 190

**As part of the Group's strategy to discontinue the Flexible division, operations forming part of the Flexible division have been reflected as discontinued operations.*
***Corporate-related income and expenses have all been included in the Rigids segment due to the Flexible segment being discontinued.*

Supplementary information

for the year ended 29 February 2016

(R'000)	**Audited financial year ended 29 February 2016**	Audited financial year ended 28 February 2015
Number of ordinary shares in issue ('000)	**135 131**	135 131
Weighted average number of ordinary shares in issue ('000)	**121 035**	121 016
Fully diluted weighted average number of ordinary shares in issue ('000)	**121 035**	121 531
Number of preference shares in issue ('000)	**1 500**	1 500
Net asset value per share (cents)	**840**	835
Net tangible asset value per share (cents)	**789**	773
Closing share price (cents)	**385**	500
Market capitalisation (R million)	**520**	676
Net interest-bearing debt as percentage of equity (%)	**10,9**	19,1
Net debt	**111 342**	192 756
Long-term interest-bearing debt	**162 245**	170 190
Short-term interest-bearing debt	**76 765**	91 450
Cash and cash equivalents	**(128 057)**	(70 014)
Bank overdraft	**389**	1 130
Interest cover (before exceptional items)	**2,0**	2,9
Net working capital days	**29**	26
Contingent liabilities	**4 373**	6 571
Earnings before interest, taxation, depreciation and amortisation ("EBITDA") – Continuing operations	**119 076**	99 013
Profit from operations before exceptional items	**44 289**	61 511
Net loss/(profit) on disposal of property, plant and equipment	**362**	(3 326)
Profit on disposal of business	**–**	(15 165)
IFRS 2 *Share-based Payment* expense/(income)	**2 565**	(4 340)
EBITDA earned by disposal business to date of sale	**–**	(5 566)
Depreciation	**71 860**	65 899

Notes

for the year ended 29 February 2016

1. Basis of preparation

These summarised consolidated financial statements for the year ended 29 February 2016 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Standards as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and include at a minimum the disclosure as required by the Companies Act of South Africa and by IAS 34 *Interim Financial Reporting*. This provisional report was compiled under the supervision of Manley Diedloff (Group Managing Director and Chief Financial Officer). The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited consolidated and separate financial statements for the year ended 29 February 2016. The auditors, Deloitte & Touche, have issued an unmodified audit opinion on the complete consolidated and separate financial statements as well as these summarised consolidated financial statements. Standards and interpretations that were effective in the year were adopted. These did not have a significant impact on the financial statements. A copy of the report and the Group consolidated and separate financial statements are available for inspection at the Company's registered office.

2. Discontinued operations

During the 29 February 2016 financial year, the following divisions of Astrapak Manufacturing Holdings were disposed of:

- Cinqpet
- East Rand Plastics
- Knilam Packaging

As at 29 February 2016, entities included in discontinued operations and assets classified as held-for-sale are as follows:

Flexible

- Barrier Film Converters Proprietary Limited (held-for-sale).
- Coralline Investment Proprietary Limited (held-for-sale).

Flexible divisions which are divisions of Astrapak Manufacturing Holdings Proprietary Limited

- Peninsula Packaging (held-for-sale).

Rigids divisions which are divisions of Astrapak Manufacturing Holdings Proprietary Limited

- Cinqplast Denver (discontinued).
- Plastop Bronkhorstspruit (discontinued).

Notes continued

for the year ended 29 February 2016

(R'000)		Audited financial year ended 29 February 2016	Audited financial year ended 28 February 2015
3.	**Assets held-for-sale and liabilities relating to assets held-for-sale**		
	The assets held-for-sale relate to the assets that are being disposed, rationalised and discontinued.		
	Assets classified as held-for-sale and the liabilities associated with assets held-for-sale consist of the assets including the related properties and liabilities of the following entities:		
	Flexible		
	Barrier Film Converters Proprietary Limited (held-for-sale)		
	Coralline Investment Proprietary Limited (held-for-sale)		
	Flexible divisions which are divisions of Astrapak Manufacturing Holdings Proprietary Limited		
	Peninsula Packaging (discontinued)		
	Rigids divisions which are divisions of Astrapak Manufacturing Holdings Proprietary Limited		
	Cinqplast Denver (discontinued)		
	Plastop Bronkhorstspruit (discontinued)		
	Assets held-for-sale/sold consist of the following:		
	Opening balance as at 1 March	**688 571**	32 098
	Property, plant and equipment	**7 497**	429 438
	Devaluation of property	**–**	(4 813)
	Inventory	**(10 757)**	93 458
	Accounts receivable	**(32 821)**	143 168
	Deferred taxation assets	**(8 316)**	20 320
	Assets previously held-for-sale disposed as part of a disposal of business	**(158 710)**	–
	Assets previously held-for-sale transferred to property, plant and equipment	**(31 172)**	–
	Assets previously classified as held-for-sale disposed of or impaired	**(22 330)**	(25 100)
	Assets held-for-sale at the end of the year	**431 962**	688 569
	Liabilities relating to assets held-for-sale consists of the following:		
	Opening balance as at 1 March	**278 472**	12 971
	Interest-bearing debt	**(55 842)**	101 984
	Accounts payable	**(22 263)**	153 742
	Deferred taxation liability	**(7 258)**	9 775
	Liabilities previously classified as held-for sale disposed as part of a disposal of business	**(30 395)**	–
	Liabilities relating to assets held-for-sale at the end of the year	**162 714**	278 472

(R'000)		Audited financial year ended 29 February 2016	Audited financial year ended 28 February 2015
4.	**Profit/(loss) for the year from discontinued operations**		
	Revenue	**701 799**	1 119 772
	Cost of sales	**(620 032)**	(1 015 934)
	Gross profit	**81 767**	103 838
	Other income	**12 712**	5 855
	Distribution and selling costs	**(61 442)**	(109 109)
	Administration and other operating expenses	**(32 041)**	(106 226)
	Profit/(loss) from operations before exceptional items from discontinued operations	**996**	(105 642)
	Exceptional items	**23 858**	(37 241)
	Profit/(loss) from operation for discontinued operations	**24 854**	(142 883)
	Investment income	**1 032**	1 325
	Finance costs	**(6 787)**	(12 984)
	Profit/(loss) before taxation from discontinued operations	**19 099**	(154 542)
	Taxation	**(4 591)**	43 270
	Profit/(loss) after taxation from discontinued operations	**14 508**	(111 272)
	Net cash flows incurred by discontinued operations for the year are represented below:		
	Operating cash inflow/(outflow)	**306 361**	(32 705)
	Investing cash inflow/(outflow)	**8 683**	(42 078)
	Financing cash (outflow)/inflow	**(397 854)**	82 887
	Net (decrease)/increase in cash and cash equivalents from discontinued operations	**(82 810)**	8 104

	R'000	2016	2015
5.	**Exceptional items**		
	Impairment of plant and equipment	**–**	(1 384)
	Impairment of goodwill	**–**	(35 248)
	Impairment of investment	**(12)**	–
	Total	**(12)**	(36 632)

Notes continued

for the year ended 29 February 2016

	R'000	2016	2015
6.	**Capital commitments and contingent liabilities**		
	Capital commitments		
	Authorised, contracted and not spent	**24 601**	34 680
	Authorised, not yet contracted for	**27 949**	9 433
	Capital commitment funding will be sourced from cash generated from operations or other financing arrangements as required.		
	Contingent liabilities		
	Contingent liabilities in respect of guarantees issued to bankers and other creditors for normal business commitments	**4 373**	6 571

7. Segmental reporting

The Group's reportable segments are strategic business units that offer different types of products. They are managed separately, because these units require different technology and address different market segments.

Flexible

The Flexible segment is a manufacturer of blown and cast mono and multilayer polyolefin films for bags, sheet, tubing, shrink, stretch and barrier application. Products also include stand-up pouches and modified atmospheric packaging ("MAP").

Rigids

The Rigids segment is a manufacturer of a range of closures, jars, bottles, tottles, tubes, trays, cups, tubs, and other plastic containers up to a size of five litres through the processes of extrusion blow moulding ("EBM"), injection stretch blow moulding ("ISBM") injection blow moulding ("IBM"), injection moulding ("IM"), sheet extrusion and thermoforming.

However, the Group's strategy in 2016 is to exit the Flexible division and rationalise the Rigids division, as disclosed in the "discontinued operations" and "held-for-sale" notes.

8. Subsequent events

No facts or circumstances material to the appreciation of this report has occurred between 29 February 2016 and the date of this report.

Analysis of shareholders

for the year ended 29 February 2016

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	276	34,80	116 563	0,09
1 001 – 10 000 shares	261	32,91	1 152 695	0,85
10 001 – 100 000 shares	156	19,67	5 255 015	3,89
100 001 – 1 000 000 shares	79	9,96	26 013 460	19,25
1 000 001 shares and over	21	2,65	102 593 517	75,92
Total	793	100	135 131 250	100
Distribution of shareholders				
Banks/brokers	10	1,26	1 462 003	1,08
Close corporations	14	1,77	71 666	0,05
Directors and associates	6	0,76	1 097 075	0,81
Endowment funds	10	1,26	426 377	0,32
Government	2	0,25	165 175	0,12
Individuals	535	67,47	5 688 950	4,21
Insurance companies	7	0,88	1 612 972	1,19
Medical schemes	6	0,76	485 459	0,36
Mutual funds	66	8,32	56 901 844	42,11
Nominees and trusts	39	4,92	1 107 586	0,82
Other corporations	4	0,50	634 519	0,47
Private companies	15	1,89	314 182	0,23
Private equity	4	0,50	40 430 479	29,92
Public company	1	0,13	73 680	0,05
Retirement funds	72	9,08	10 563 265	7,82
Issuer's share scheme	1	0,13	1 258 594	0,93
Treasury stock	1	0,13	12 837 424	9,50
Total	793	100	135 131 250	100
Public/non-public shareholders				
Non-public shareholders	11	1,39	55 598 572	41,14
Directors and associates of the Company holdings	5	0,63	1 072 075	0,79
Issuer's share scheme	1	0,13	1 258 594	0,93
Treasury shares (own holdings)	1	0,13	12 837 424	9,50
Strategic holdings (more than 10%)	4	0,50	40 430 479	29,92
Public shareholders	782	98,61	79 532 678	58,86
Total	793	100	135 131 250	100
Beneficial shareholders holding 3% or more				
Lereko Metier Capital Growth Fund			40 430 479	29,92
Coronation Fund Managers			21 004 621	15,54
Tristar Plastics Proprietary Limited			12 837 424	9,50
Sanlam			10 551 652	7,81
MMI Holdings Limited			6 541 597	4,84
Element Investment Managers			4 792 421	3,55
Nedbank Group			4 787 325	3,54
Total			100 945 519	74,70

Directors' interest in shares

as at 29 February 2016

Director	Beneficial direct	Non-beneficial indirect	Unit holding %
Interest in shares as at 28 February 2015	500 075	40 440 479	30,30
RI Moore	266 690	–	0,20
PC Botha*	–	40 440 479	29,93
M Diedloff	233 385	–	0,17
Net purchases from 1 March 2015 to 29 February 2016	**562 000**	**–**	**0,41**
RI Moore	**262 000**	**–**	**0,19**
PC Botha*	**–**	**–**	**–**
M Diedloff	**300 000**	**–**	**0,22**
Interest in shares as at 29 February 2016	**1 062 075**	**40 440 479**	**30,71**
RI Moore	**528 690**	**–**	**0,39**
PC Botha*	**–**	**40 440 479**	**29,93**
M Diedloff	**533 385**	**–**	**0,39**

** The shares held by PC Botha are held in his capacity as principal, trustee or director of a number of entities including Lereko Metier Capital Growth Fund.*

There has been no change in the above directors' interests between 29 February 2016 and the date of signature of the financial statements.

Notice of Annual General Meeting of Ordinary Shareholders

Astrapak Limited
Incorporated in the Republic of South Africa
Registration number: 1995/009169/06
JSE share code: APK
ISIN: ZAE000096962
(the "**Company**")

Notice is hereby given to the holders of ordinary shares in the share capital of the Company ("**Ordinary Shareholders**") that the Annual General Meeting ("**AGM**") of the Company will be held at Protea Hotel Fire & Ice, situated at Melrose Arch, Sandton, Johannesburg, on Tuesday, 30 August 2016, at 09:00, to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No 71 of 2008, as amended ("**the Act**"), as read with the Listings Requirements of JSE Limited ("**JSE Listings Requirements**").

Record date

The record date in terms of section 59 of the Act for Ordinary Shareholders to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is Friday, 19 August 2016. Accordingly, the last day for Ordinary Shareholders to trade in order to be able to attend, participate in and vote at the AGM is Tuesday, 16 August 2016. The record date for Ordinary Shareholders to be entitled to receive the notice of AGM is Friday, 22 July 2016.

Electronic participation

Shareholders or their proxies may participate in the meeting by way of a teleconference call, provided that if they wish to do so they must notify the Company Secretary in writing by email at salome@astrapak.co.za by no later than 09:00 on Friday, 26 August 2016 stating that they wish to participate in the teleconference call and request to be issued with a pin number and dial-in details for that conference call.

Shareholders making use of the teleconference call, will not be able to vote during the AGM, and such shareholders will still have to appoint one or more proxies to vote on their behalf at the AGM.

Shareholders wishing to participate in this manner are reminded that they will be separately billed by their respective telephone service providers.

Identification

In terms of section 63(1) of the Act, any person attending or participating in the AGM must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote at the AGM (whether as a shareholder or as proxy for a shareholder) has been reasonably verified.

A green bar-coded identification document or a bar-coded identification smart card, issued by the South African Department of Home Affairs, a South African driving licence or a valid passport will be accepted as sufficient identification.

Venue

Please take note that the AGM will be held at the Protea Hotel Fire & Ice, situated at Melrose Arch, Sandton, Johannesburg, on Tuesday, 30 August 2016 at 09:00.

Agenda

1. Ordinary business

1.1 Presentation of audited annual financial statements

The consolidated audited annual financial statements ("**AFS**") of the Company and its subsidiaries, together with the independent auditors' report, a report by the Company's Audit Committee and the directors' report for the financial year ended 29 February 2016, are presented to the shareholders for their consideration.

A summarised set of the documents specified above are included in the integrated annual report of which this notice forms part ("**integrated annual report**"). A full set of the AFS may also be obtained from the Company's office, situated at 2nd Floor, Rivonia Village, Cnr Mutual Road and Rivonia Boulevard, Sandton, or the Company's website, www.astrapak.co.za, or by emailing a request to integratedreport@astrapak.co.za.

Notice of Annual General Meeting of Ordinary Shareholders continued

1.2 **Report-back by the Social and Ethics Committee to the shareholders**

A complete set of the documents specified above are included in the integrated annual report of which this notice forms part. Copies may also be obtained from the Company's office, situated at 2nd Floor, Rivonia Village, Cnr Mutual Road and Rivonia Boulevard, Sandton, or the Company's website, www.astrapak.co.za, or by emailing a written request to integratedreport@astrapak.co.za.

1.3 **Ordinary resolution number 1**

Appointment of auditors

RESOLVED, AS AN ORDINARY RESOLUTION, THAT Deloitte & Touche be and are hereby reappointed as the independent external auditors of the Company for the financial year ending 28 February 2017, and are to remain in office until the conclusion of the next AGM.

Additional information

Deloitte & Touche have been nominated by the Company's Audit Committee for appointment as the Company's independent external auditors, to hold office until the conclusion of the next AGM of the Company.

It is noted that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2017 is Corinne Ringwood.

Approval

The percentage of voting rights required for this ordinary resolution number 1 to be adopted is more than 50% of the voting rights of Ordinary Shareholders exercised on this resolution.

1.4 **Ordinary resolutions number 2.1 to 2.3**

Re-election of directors retiring by rotation

RESOLVED, AS AN ORDINARY RESOLUTION, THAT

– Ordinary resolution number 2.1

Thabo Vincent Mokgatlha, an independent non-executive director, who retires by rotation in terms of the Company's current memorandum of incorporation ("**MOI**") and being eligible, who offers himself for re-election, be and is hereby re-elected as a director of the Company;

– Ordinary resolution number 2.2

Manley Diedloff, an executive director, who retires by rotation in terms of the Company's current MOI and being eligible, who offers himself for re-election, be and is hereby re-elected as a director of the Company; and

– Ordinary resolution number 2.3

Günter Steffens, an independent non-executive director, who retires by rotation in terms of the Company's current MOI and being eligible, who offers himself for re-election, be and is hereby re-elected as a director of the Company.

Additional information

The Company's current MOI provides that one-third of the Company's executive and non-executive directors shall retire at every AGM, which the above mentioned directors duly do. The above directors will be re-elected by way of a separate resolution.

An abbreviated curriculum vitae ("**CV**") of each of the above mentioned individuals appears on pages 38 and 39 of the integrated annual report.

Approval

The percentage of voting rights required for each of the ordinary resolutions number 2.1 to 2.3 to be adopted is more than 50% of the voting rights of Ordinary Shareholders exercised on those resolutions.

1.5 **Ordinary resolutions number 3.1 to 3.3**

Appointment of members of the Audit and Risk Committees

RESOLVED, AS AN ORDINARY RESOLUTION, THAT

– Ordinary resolution number 3.1

Günter Steffens, an independent non-executive director, be and is hereby re-elected as a member of the Company's Audit and Risk Committees;

– *Ordinary resolution number 3.2*
Craig McDougall, an independent non-executive director, be and is hereby re-elected as a member of the Company's Audit and Risk Committees; and

– *Ordinary resolution number 3.3*
Thabo Vincent Mokgatlha, an independent non-executive director, be and is hereby re-elected as a member of the Company's Audit and Risk Committees.

Additional information
The above mentioned non-executive directors are re-elected, by way of separate resolutions, as members of the Company's Audit and Risk Committees for the financial year ending 28 February 2017.

An abbreviated CV of each of the non-executive directors mentioned above appears on pages 38 and 39 of the integrated annual report. As is evident from the CVs of these directors, the committee members have the required qualifications and experience to fulfil their duties.

Approval
The percentage of voting rights required for each of ordinary resolutions number 3.1 and 3.3 to be adopted is more than 50% of the voting rights of Ordinary Shareholders exercised on those resolutions.

1.6 Ordinary resolution number 4

Approval of Group remuneration policy
RESOLVED, AS AN ORDINARY RESOLUTION, THAT the Group remuneration policy, as described in the remuneration report on pages 51 to 57 of the integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote, as recommended in King III in order to ascertain shareholders' views.

Approval
The percentage of voting rights required for this ordinary resolution number 4 to be adopted is more than 50% of the voting rights of Ordinary Shareholders exercised on this resolution.

2. Special business

2.1 Special resolution number 1

Approval of non-executive directors' remuneration – 2017
RESOLVED, AS A SPECIAL RESOLUTION, THAT in terms of section 66(9) of the Act, the following fees be approved as the basis for calculating the remuneration of the non-executive directors of the Company for their services as directors of the Company for the financial year ending 28 February 2017:

	Chairman	Member
Board	R271 911	R212 360
Audit Committee	R131 461	R61 798
Risk Committee	R80 899	R53 932
Social and Ethics Committee	R58 427	R48 314
Nominations and Remuneration Committee	R78 652	R48 314

Additional information
The fees payable to the non-executive directors are based on an annual fee irrespective of the number of meetings attended by such directors.

Approval
The percentage of voting rights required for this special resolution number 1 to be adopted is at least 75% of the voting rights of Ordinary Shareholders exercised on this resolution.

Notice of Annual General Meeting of Ordinary Shareholders continued

2.2 Special resolution number 2

Approval of general authority to repurchase ordinary shares

RESOLVED, AS A SPECIAL RESOLUTION, THAT the Board is hereby authorised to approve the repurchase by the Company of its own ordinary shares, and the purchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the Company's MOI, the provisions of the Act and the JSE Listings Requirements, when applicable, and provided that:

- the general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in aggregate in any one financial year does not exceed 20% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of shares as treasury stock by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares in the Company are held by or for the benefit of the subsidiaries of the Company taken together;
- this authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date on which this resolution is passed;
- at any point in time, the Company and its subsidiaries will only appoint one agent to effect any repurchase(s) on its behalf;
- general repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five (5) business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;
- any such general repurchases are subject to exchange control regulations and approvals at that point in time, where applicable;
- the general repurchase of securities will be effected through the order book operated by the JSE trading system done without any prior understanding or arrangement between company and the counterparty (reported trades are prohibited);
- a resolution has been passed by the Board and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company has satisfied the solvency and liquidity test contemplated in the Act, and that since the test was done there have been no material changes to the financial position of the Group;
- the Company and/or any subsidiary of the Company may not repurchase securities during a "prohibited period", as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and are not subject to any variation and full details of the programme have been submitted to the JSE in writing, prior to the commencement of the prohibited period; and
- a SENS and press announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date on which this resolution is passed, and for each 3% in aggregate of the initial number of shares acquired thereafter.

Additional information

This special resolution is intended to grant the Board a general authority, up to and including the earlier of 15 months from the date on which this resolution or the date of the next AGM of the Company, to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company, without having to approach the Ordinary Shareholders for a specific approval in each instance, if any.

The Board has no immediate intention to use this authority to repurchase ordinary shares, but is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, having regard to prevailing circumstances and market conditions and on a continual review of the Company's position. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:

- the Company and the Group will be able, in the ordinary course of business, to repay their debts;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group, respectively. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated financial statements which comply with the Act;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes.

In addition to the aforegoing, the JSE Listings Requirements require disclosure of the following information, which appears elsewhere in the integrated annual report:

– Major shareholders of the Company
  See page 87 of the integrated annual report.

– Share capital of the Company
  See page 79 of the integrated annual report.

Material changes
There have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors' responsibility statement
The directors, whose names appear on the inside back cover of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain the correctness of such facts have been made and that special resolution number 2 contains all information required by law and the JSE Listings Requirements.

Approval
The percentage of voting rights required for this special resolution number 2 to be adopted is at least 75% of the voting rights of Ordinary Shareholders exercised on this resolution.

2.3 Special resolution number 3
Approval of general authority to provide financial assistance to related and inter-related companies and corporations
RESOLVED, AS A SPECIAL RESOLUTION, THAT in terms of section 45(3)(a)(ii) of the Act, the shareholders of the Company approve as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 3 of the Company providing, at any time and form time to time, any direct or indirect financial assistance ("financial assistance"' will herein have the meaning attributed to such term in section 45(1) of the Act) that the Board may deem fit to any one or more related or inter-related companies or corporations of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Act), on such terms and conditions and for the amounts that the Board, or any one or more persons authorised by the Board from time to time for such purpose, deems fit, and subject to all statutory and regulatory requirements being met.

Additional information
Generally, this special resolution is intended to provide a general authority to the Board to grant direct or indirect financial assistance to any company or corporation forming part of the Company's group of companies, including in the form of loans or the guaranteeing of their debts.

The main purpose of this authority is to grant the Board the authority to provide inter-group loans and other financial assistance for purposes of funding the activities of the subsidiaries of the Company. In this regard, the Board undertakes that it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:
- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:
  - within 10 business days after the Board adopts the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0,1% of the Company's net worth as at the date on which the resolution was passed; or
  - within 30 business days after the end of the applicable financial year, in any other case.

Approval
The percentage of voting rights required for this special resolution number 3 to be adopted is at least 75% of the voting rights of Ordinary Shareholders exercised on this resolution.

Important notes regarding attendance at the AGM
General
Shareholders wishing to attend the AGM have to ensure beforehand that their shares are in fact registered in their name with the transfer secretaries of the Company. Certificated shareholders and "own name" dematerialised shareholders.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead.

The person so appointed need not be a shareholder. The form of proxy attached to this notice of AGM must be dated and signed by the shareholder appointing a proxy and forwarded to reach the Company Secretary (sratlhagane@astrapak.com) by 09:00 on Tuesday, 26 July 2016. Any form of proxy not returned to the Company Secretary by the stipulated time may be handed to the Chairperson of the AGM any time before the appointed proxy exercises any of the shareholder rights of the AGM.

Before a proxy exercises any rights of a shareholder at the AGM, such form of proxy must be so delivered.

Notice of Annual General Meeting of Ordinary Shareholders continued

Dematerialised shareholders other than with "own name" registration

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("**CSDP**") or broker in the manner and time stipulated in their agreement:

1. to furnish them with their voting instructions; and
2. in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting will be by way of a poll and every shareholder of the Company present, whether in person or represented by proxy, shall have one vote for every share held in the Company by such shareholder. Treasury shares, shares held by a share trust or scheme, and any unlisted securities, will not have their votes taken into account for any JSE regulated resolutions.

Summary of shareholder rights

In compliance with the provisions of section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Act, is set out immediately below.

A shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder of the Company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
(a) the date stated in the revocation instrument, if any; and
(b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:
(a) the shareholder; or
(b) the proxy or proxies, if the shareholder has:
  (i) directed the Company to do so in writing; and
  (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the notes to the form of proxy.

By order of the Board

S Ratlhagane
Company Secretary

21 July 2016

Transfer secretaries
Computershare Investor Services Proprietary Limited

70 Marshall Street
Johannesburg
2001

Form of proxy – Ordinary Shareholders

for the year ended 29 February 2016

Astrapak Limited

Registration number: 1995/009169/06
Incorporated in the Republic of South Africa
JSE share code: APK
ISIN: ZAE000096962
(the "**Company**")

This form of proxy is only for use by:

1. registered shareholders who have not yet dematerialised their shares in the Company; and
2. registered shareholders who have already dematerialised their shares in the Company and are registered in their own names in the Company's subregister.

For use by registered shareholders of the Company at the AGM of the Company to be held at Protea Hotel Fire & Ice, Melrose Arch, Sandton, Johannesburg on Tuesday, 30 August 2016 at 09:00 (the "**meeting**").

I/We (please print full names)

of (address)

(contact number)

being the holder of ordinary shares in the Company, hereby appoint

1. or failing him/her,

2. or failing him/her,

3. the Chairman of the meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the meeting or at any adjournment thereof, as follows (see note 2 and instruction 2 on page 94):

Please indicate in the space below how you wish your votes to be cast by inserting the number of ordinary shares in the appropriate space. If you return this form duly signed, without any specific instructions, the proxy shall be entitled to vote as he/she thinks fit.

	Insert the number of votes exercisable (one vote per share)		
	For	Against	Abstain
Ordinary resolutions			
1. Appointment of auditors			
2. Re-election of directors retiring by rotation			
2.1 Thabo Vincent Mokgatlha			
2.2 Manley Diedloff			
2.3 Günter Steffens			
3. Appointment of members of the Audit and Risk Committees			
3.1 Günter Steffens			
3.2 Craig McDougall			
3.3 Thabo Vincent Mokgatlha			
4. Approval of Group remuneration policy			
Special resolutions			
1. Approval of non-executive directors' remuneration for 2017			
2. Approval of general authority to repurchase ordinary shares			
3. Approval of general authority to provide financial assistance to related and inter-related companies and corporations			

Signed at on this day of 2016

Signature/s

Assisted by me (where applicable)

Notes to form of proxy – Ordinary Shareholders

for the year ended 29 February 2016

Companies Act, 2008 ("**the Act**")

1. A proxy appointment must be in writing, dated and signed by the shareholder appointing such a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.
2. A proxy may delegate the proxy's authority to act on behalf of the appointing shareholder to another person, subject to any restrictions set out in the original instrument appointing the proxy.
3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
4. The appointment of a proxy is revocable by the shareholder in question by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
   (a) the date stated in the revocation instrument, if any; and
   (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
5. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:
   (a) the shareholder, or
   (b) the proxy or proxies, if the shareholder has:
      (i) directed the Company to do so in writing; and
      (ii) paid any reasonable fee charged by the Company for doing so.
6. Attention is also drawn to the notes to the form of proxy.
7. The completion of a form of proxy does not preclude any shareholder from attending the meeting.

Please read the notes to the form of proxy and instructions below

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the meeting, as set out in the notice.
2. Every shareholder present in person or by proxy and entitled to vote at the meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, each shareholder shall be entitled to one vote in respect of each ordinary share in the Company held by him/her.
3. Shareholders who have dematerialised their shares in the Company and are registered in their own names are shareholders who appointed Computershare Custodial Services as their CSDP with the express instruction that their uncertificated shares are to be registered in the electronic subregister of shareholders in their own names.

Instructions on signing and lodging the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided above, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the Chairman of the meeting will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that shareholder in the appropriate spaces provided. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed form of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by not later than 09:00 on Friday, 26 August 2016. Any form of proxy not received by this time must be handed to the Chairman of the meeting immediately prior to the meeting.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the meeting.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The completion of any blank spaces need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The Chairman of the meeting may accept any form of proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

General information

Directors
Paul Botha
Manley Diedloff
Phumzile Langeni
Craig McDougall
Thabo Vincent Mokgatlha
Robin Moore
Günter Steffens

Registered office and business address
5 Kruger Street
Denver
Johannesburg
2001

Postal address
PO Box 75769
Gardenview
2047

Bankers
Nedbank Group Limited

Auditors
Deloitte & Touche

Company Secretary
Vashnee Mahadeo (resigned 18 December 2015)
Salome Ratlhagane (appointed 18 December 2015)

Company registration number
1995/009169/06

Shareholders' diary

February	Financial year end
April	Preliminary results announcement for the year ended 29 February 2016
July	Integrated annual report published
August	Annual General Meeting
September	Interim results announcement for the period ended 31 August 2016

Directions From OR Tambo (Airport) to Melrose Arch, Sandton
After leaving the airport, follow the R24 Johannesburg highway.

At Gillooly's Interchange, follow the N3 Pretoria signs until you reach the Marlboro off-ramp. Take the Marlboro off-ramp and continue until you get to the M1 on-ramp. Take the M1 South, pass Grayston Drive and take the off-ramp on to Corlett Drive. At the traffic lights, turn right into Corlett Drive. Cross one set of traffic lights and turn left into Melrose Arch.

Directions from Sandton CBD to Melrose Arch, Sandton
From Grayston Drive take the M1 South and off-ramp on Corlett Drive. At the traffic lights, take a right turn into Corlett Drive. Pass one set of traffic lights and take a left turn into Melrose Arch.

www.astrapak.co.za

5 Kruger Street
Denver
2011
South Africa