24 February 2015

Mondi Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1967/013038/06)
JSE share code: MND ISIN: ZAE000156550

Mondi plc
(Incorporated in England and Wales)
(Registered number: 6209386)
JSE share code: MNP ISIN: GB00B1CRLC47
LSE share code: MNDI

As part of the dual listed company structure, Mondi Limited and Mondi plc (together 'Mondi Group') notify both the JSE Limited and the London Stock Exchange of matters required to be disclosed under the Listings Requirements of the JSE Limited and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Full year results for the year ended 31 December 2014

Highlights

- Excellent financial performance
  - Underlying operating profit of €767 million, up 10%
  - Underlying earnings of 107.3 euro cents per share, up 13%
  - Strong contribution from all business units
- Capital projects delivering meaningful contribution
  - Completed investments delivering to plan
  - Strong capital investment pipeline
- Good progress in integrating acquisitions
  - Bags and kraft paper acquisition in US, extending global leadership
  - Consumer Packaging acquisition in Poland increases capacity in low cost location
- Recommended full year dividend of 42.0 euro cents per share, up 17%

Financial Summary

€ million, except for percentages and per share measures	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %
Group revenue	**6,402**	6,476	(1)	**3,254**	3,134	4
Underlying EBITDA[1]	**1,126**	1,068	5	**573**	514	11
Underlying operating profit[1]	**767**	699	10	**390**	333	17
Operating profit	**728**	605	20	**354**	320	11
Profit before tax	**619**	499	24	**307**	270	14
Per share measures						
Basic underlying earnings per share[1] (€ cents)	**107.3**	95.0	13			
Basic earnings per share (€ cents)	**97.4**	79.8	22			
Total dividend per share (€ cents)	**42.0**	36.0	17			
Free cash flow per share[2] (€ cents)	**55.0**	64.1	(14)			
Cash generated from operations	**1,033**	1,036				
Net debt	**1,613**	1,619				
Group return on capital employed (ROCE)[3]	**17.2%**	15.3%				

Notes:
1 The Group presents underlying EBITDA, operating profit and related per share information as measures which exclude special items in order to provide a more effective comparison of the underlying financial performance of the Group between financial reporting periods. A reconciliation of underlying operating profit to profit before tax is provided in note 3 of the condensed financial statements.
2 Free cash flow per share is the net increase in cash and cash equivalents before the effects of acquisitions and disposals of businesses, changes in net debt and dividends paid divided by the net number of shares in issue at year end.
3 ROCE is underlying profit expressed as a percentage of the average capital employed for the year, adjusted for impairments and spend on strategic projects which are not yet in operation.

David Hathorn, Mondi Group chief executive, said:

"I am pleased to report another successful year for Mondi. Underlying earnings per share increased by 13% to 107.3 euro cents per share and our return on capital employed was 17.2%, with a strong contribution from all business units.

During the year, we made good progress in growing the business. We completed a number of key capital projects, including the 155,000 tonne per annum bleached kraft paper machine in the Czech Republic, the recovery boiler in Slovakia and the 100,000 tonne per annum softwood pulp dryer in Russia. Over the past 18 months, we have approved further major projects amounting to a total capital commitment of around €420 million, thereby ensuring a strong pipeline for future growth. We extended our global leadership position in industrial bags with the acquisition of Graphic Packaging's bags business in the US, while in Consumer Packaging, we acquired a modern converting plant in Poland.

The Boards have recommended a final dividend of 28.77 euro cents per share, bringing the total dividend for the year to 42.0 euro cents per share, an increase of 17%.

Economic growth is expected to remain below historical averages in the regions in which we operate. We expect this slow economic growth to continue to impact on demand for our products in the short term, although underlying industry fundamentals remain generally sound, with supply/demand balance supported by supply-side constraint.

Recent exchange rate movements provide a mixed impact, although with a clearly positive bias when considered for the Group as a whole. Furthermore, the recently completed capital investments and ongoing projects should contribute meaningfully to our performance going forward. As such, we are confident of making further progress in the year ahead."

Overview

In 2014, Mondi delivered an excellent financial performance despite the continued slow economic growth in a number of key markets, testament to the Group's robust business model and high-quality, low-cost asset base.

Revenue was broadly in line with the prior year. On a like for like basis, selling prices and volumes were similar to the prior year, with revenue boosted by the acquisition of the bags business in the US, offset by negative currency impacts and disposals or closures of non-core businesses.

Mondi's underlying operating profit of €767 million was up 10% on 2013. Packaging Paper continued to deliver very strongly despite a generally weaker pricing environment, driven by cost reduction and currency benefits. The Fibre Packaging business benefited from lower paper input costs and good volume growth. Consumer Packaging saw a strong improvement in trading in the second half of the year. Coupled with the benefits of a number of sales and margin improvement initiatives, the business was able to deliver a pleasing improvement in year-on-year performance. Uncoated Fine Paper came under pressure from weaker pricing and negative currency effects but nevertheless continued to deliver strongly, while the South Africa Division benefited from higher average selling prices and the weak rand. Contributing to these results were the benefits from recently completed capital investments, primarily around energy efficiencies and other cost optimisation in the pulp and paper operations, and continued strong cost management across the Group.

While acquisition led growth remains a key component of the Group's strategy, and opportunities continue to be evaluated as they arise, management currently sees greater opportunity for value-enhancing growth through capital investments in existing operations. A number of key capital projects were completed during the year, including the 155,000 tonne per annum bleached kraft paper machine in the Czech Republic, the recovery boiler in Slovakia and the 100,000 tonne per annum softwood pulp dryer in Russia. Over the past 18 months further major projects were approved, amounting to a total capital commitment of around €420 million, thereby ensuring a strong pipeline for future growth. The Group extended its global leadership position in industrial bags with the acquisition of Graphic Packaging's bags business in the US in June, while in Consumer Packaging, a modern converting plant in Poland was acquired in July.

Volatility in foreign exchange rates had a significant impact on the performance of the different business units, although the net impact on the Group was limited. The sharp devaluation of the rouble in the second half negatively impacted the domestically focused Russian operations of the Uncoated Fine Paper business unit, while benefiting the export orientated Russian Packaging Paper activities. Rand weakness supported the export business from South Africa. The stronger US dollar versus the euro had a net positive impact on US dollar denominated export sales, although the greater impact is expected to be in the support it provides going forward to European pricing levels given the reduced import threat.

The Group benefited from a general reduction in variable costs compared to the prior year. European wood costs were lower as a result of lower demand and currency effects. Paper for recycling costs were 3% lower than the previous year. Chemical input costs, particularly starch, also declined during the year. The packaging converting operations benefited from lower average paper input costs. Benchmark polyethylene prices were broadly in line with the previous year but declined sharply towards the end of the year as a consequence of lower oil prices.

The Group benefited from lower energy costs largely as a result of the energy investments completed over the last few years, which have significantly improved the efficiency and self-sufficiency of the larger, more energy intensive, pulp and paper operations. Lower average oil and gas prices also contributed to the lower energy costs, in addition to supporting a reduction in transport and logistics costs. Green energy sales prices and volumes were higher than the previous year, providing further cost offset.

Fixed costs were lower than the previous year, driven by foreign exchange benefits and the continued strategic focus on operating performance and efficiencies.

Consistent with the prior year, the impact of the Group's maintenance shuts on underlying operating profit was around €55 million. In 2015, the effect is expected to be more significant, with longer shuts planned at certain mills to allow for project implementation and the move of certain mills to an eighteen month rotation. The impact on underlying operating profit, at prevailing price levels, is estimated at around €80 million.

Cash generated from operations of €1,033 million was similar to 2013 despite an increase in working capital of €87 million. Excluding the impact of acquisitions, working capital as a percentage of revenue was 12.3%, marginally above the Group's targeted 10-12% range.

Underlying earnings of 107.3 euro cents per share were up 13% compared to 2013.

The Boards are recommending payment of a final dividend of 28.77 euro cents per share, bringing the total dividend for the year to 42.0 euro cents per share, an increase of 17% on 2013.

Europe & International - Packaging Paper

€ million	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %
Segment revenue	**2,043**	2,073	(1)	**1,021**	995	3
Underlying EBITDA	**443**	408	9	**227**	206	10
Underlying operating profit	**342**	308	11	**175**	154	14
Underlying operating profit margin	**16.7%**	14.9%		**17.1%**	15.5%	
Special items	**(6)**	-		**(6)**	-	
Capital expenditure	**259**	141		**143**	85	
Net segment assets	**1,588**	1,543				
ROCE	**23.7%**	21.7%				

Building on the strong performance of 2013, Packaging Paper's underlying operating profit increased by 11% to €342 million, with a ROCE of 23.7%. This was achieved on modest volume growth, lower costs and foreign exchange gains, offset in part by lower average selling prices.

Sales volumes of containerboard grades were similar to the previous year, with all operations running at capacity. Sales volumes of kraft paper increased as the business benefited from the successful start-up of the 155,000 tonne per annum bleached kraft paper machine in the second quarter, forward integrating pulp that was previously sold on the open market, and the additional volumes from the kraft paper machine in the US following the acquisition from Graphic Packaging in June.

Average benchmark unbleached virgin containerboard prices were 5% lower than the previous year. After starting the year at lower levels than the previous year and subsequently drifting lower during the first half, price increases were successfully implemented towards the end of the third quarter. Further prices increases of €40 per tonne have been announced in February 2015 in southern Europe.

European white top kraftliner prices remained stable throughout the year. Price increases were implemented in Russia to offset the weaker rouble.

Average benchmark recycled containerboard prices were 3% higher than the previous year. Having fallen sharply through the first half due to increased supply from newly installed capacity, prices stabilised before a series of price increases were implemented in the third quarter.

At the beginning of 2014, sack kraft prices were approximately 9% lower than the highs of the previous year. On the back of a strong pick-up in demand, price increases in brown sack kraft paper of around 4% to 5% were successfully implemented early in the second half, although average selling prices for the year remained approximately 4% lower than the previous year. In early 2015, sack kraft prices have reduced by approximately 2% to 4% as a result of seasonally weak demand and increased competition from producers experiencing a reduction in their cost base from currency devaluation.

The Speciality Kraft Paper business benefited from good demand, with generally higher average selling prices than in the previous year.

The business benefited from lower energy input costs with gas and electricity costs lower than the previous year. Paper for recycling input costs declined marginally throughout the year impacted by lower demand from China. Average benchmark prices were 3% lower than the previous year.

Good progress is being made in integrating the kraft paper mill in the US acquired in June 2014 as part of the Graphic Packaging bags acquisition.

The annual maintenance shut at the Swiecie mill took place in June 2014 and the remainder of the shuts were completed in the second half of the year.

In 2013, operating profit was impacted by the €11 million write-down of green energy credits following the significant decline in market prices. Green energy prices recovered during 2014 and the business benefited from both the increased market prices and increased volumes.

As a net exporter from Russia, the Czech Republic and Sweden, the devaluation of these currencies relative to the euro provided a net benefit to the Packaging Paper business.

Europe & International - Fibre Packaging

€ million	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %
Segment revenue	**1,852**	1,690	10	**984**	834	18
Underlying EBITDA	**166**	146	14	**88**	71	24
Underlying operating profit	**102**	86	19	**54**	42	29
Underlying operating profit margin	**5.5%**	5.1%		**5.5%**	5.0%	
Special items	**(16)**	(3)		**(9)**	(3)	
Capital expenditure	**77**	71		**47**	40	
Net segment assets	**875**	771				
ROCE	**13.4%**	11.8%				

The Fibre Packaging business continues to show steady progress with underlying operating profit of €102 million, an increase of 19%, and a ROCE of 13.4%. The business benefited from gross margin expansion and good cost control.

Higher average selling prices across all geographic regions, stable input costs and good fixed cost management resulted in a strong improvement in the Corrugated Packaging business. Sales volumes were broadly in line with the previous year despite the negative impact of the rationalisation activities in Turkey completed in the previous year. The business was negatively impacted by currency translation losses as a result of the weaker Turkish lira.

Industrial Bags had a very strong start to the year and, despite a slowdown in the second half, on a like-for-like basis, sales volumes for the year ended 3% higher than in 2013. The volume growth, coupled with lower average paper input costs, enabled the business to deliver a strong underlying operating profit performance.

The acquisition of the bags business from Graphic Packaging in the US, combined with the Group's existing operations in that region creates a leading player in the North American bags market, further expanding the Group's global footprint. Following the acquisition, a number of rationalisation and restructuring activities were implemented, with a net special item charge of €10 million recognised. The business contributed €150 million of revenue in the six months since it was acquired, with a negligible contribution to underlying operating profit, as planned.

The Extrusion Coatings business benefited from good cost management, the restructuring of the Belgium operations and stable pricing, but was negatively impacted by lower sales volumes.

Europe & International - Consumer Packaging

€ million	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %

Segment revenue	**1,379**	1,414	(2)	**694**	693	-
Underlying EBITDA	**158**	143	10	**89**	69	29
Underlying operating profit	**96**	79	22	**57**	37	54
Underlying operating profit margin	**7.0%**	5.6%		**8.2%**	5.3%	
Special items	**(17)**	(13)		**(21)**	-	
Capital expenditure	**80**	61		**45**	34	
Net segment assets	**1,021**	964				
ROCE	**10.4%**	8.7%				

Underlying operating profit increased by 22% to €96 million. The second half performance was particularly encouraging as the business benefited from improving volumes, input cost reductions and successful implementation of various sales and margin improvement initiatives.

Management sought to pro-actively phase out a number of lower value-added mature products during the year, although the weak trading conditions, particularly in the first half, made it difficult to adequately replace these volumes by sales into higher value-added segments. Sales volumes increased during the second half of the year in a generally more favourable trading environment.

A number of steps were taken during the year to improve the operating performance of the business, including increasing investments in innovation activities and the business' sales and application engineering infrastructure as well as further optimisation and specialisation of production facilities. The acquisition of a plant for €17 million provides additional production capacity and, importantly, expands the production technology base through the addition of flexographic printing technology in Poland. During the year, the Taicang plant in China started commercial production, with good sales volumes and underlying profit ahead of plan in its first year of operation.

Europe & International - Uncoated Fine Paper

€ million	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %
Segment revenue	**1,240**	1,335	(7)	**594**	624	(5)
Underlying EBITDA	**238**	266	(11)	**111**	116	(4)
Underlying operating profit	**148**	164	(10)	**68**	67	1
Underlying operating profit margin	**11.9%**	12.3%		**11.4%**	10.7%	
Special items	**-**	(60)		**-**	(10)	
Capital expenditure	**117**	80		**58**	44	
Net segment assets	**922**	1,099				
ROCE	**16.1%**	16.0%				

The Uncoated Fine Paper business generated underlying operating profit of €148 million, down on the prior year as a result of lower average selling prices in Europe and the impact of a significantly weaker Russian rouble. Good cost control, benefits from the restructuring of the Neusiedler mill in Austria, completed in 2013, and lower input costs provided some offset to these headwinds.

Demand for uncoated fine paper increased by around 1% in Europe, while Russian demand is estimated to have declined by approximately 3% compared to the previous year.

Uncoated fine paper sales volumes were marginally down on the prior year due to the effects of the restructuring at the Neusiedler mill, while sales of market pulp increased as more volume was produced at the Ruzomberok operation following the successful start-up of the new recovery boiler. Sales into the domestic Russian market were maintained at similar levels to the prior year despite the lower overall market demand as the business gained market share at the expense of importers.

Average benchmark uncoated fine paper selling prices were down 2% year on year in Europe. Selling price increases were implemented during the year in Russia, although these were not sufficient to fully offset the negative impact of the weaker rouble. Following the significant devaluation of the rouble towards the end of the year, a 15% price increase in the domestic Russian market was implemented in February 2015. In Europe, price increases of 5%-8% were announced to take effect from the end of the first quarter of 2015.

The business benefited from lower wood costs in Russia, with local currency increases more than offset by the weaker rouble. Wood costs in central Europe were up marginally. Significantly lower gas and chemical input costs provided a further benefit to the business.

A continued focus on cost optimisation meant that fixed costs were contained well within inflationary levels. The benefits of the recently completed recovery boiler replacement in Ruzomberok are expected to be fully realised in 2015.

South Africa Division

€ million	**Year ended 31 December 2014**	Year ended 31 December 2013	Change %	**Six months ended 31 December 2014**	Six months ended 31 December 2013	Change %
Segment revenue	**596**	624	(4)	**312**	299	4
Underlying EBITDA	**153**	135	13	**75**	68	10
Underlying operating profit	**112**	93	20	**54**	49	10
Underlying operating profit margin	**18.8%**	14.9%		**17.3%**	16.4%	
Special items	**-**	(11)		**-**	7	
Capital expenditure	**29**	52		**20**	38	
Net segment assets	**626**	622				
ROCE	**21.9%**	16.0%				

Underlying operating profit of €112 million was 20% higher than the prior year, with the business delivering a ROCE of 21.9%. The business benefited from higher average selling prices, the weaker rand and higher fair value gains from its forestry assets.

Domestic selling prices were, on average, higher than the previous year. Benchmark average international hardwood pulp prices were 6% lower than the previous year, but, as a net exporter of pulp and containerboard, the business benefited from the stronger US dollar and euro relative to the rand which offset the lower international selling prices.

Sales volumes were similar to the prior year except for newsprint as a result of the closure of a newsprint machine during 2013. The newsprint business realised price increases and cost savings as a result of the restructuring and machine closure completed in 2013, enabling this business to continue to generate a modest level of operating profit.

Higher selling prices for wood and lower input costs, attributable in part to reduced transportation costs as a result of the oil price decline, resulted in a €17 million increase in fair value gains on forestry assets compared to the previous year.

The business remains under pressure from higher administered costs with labour and electricity costs increasing in excess of inflationary levels. Strong cost management and active measures to improve productivity and competitiveness enabled the business to limit increases to well within inflationary levels. The business benefited from energy sales following completion of the steam turbine at the end of 2013, which moved the Richards Bay mill into a net energy producing position.

The maintenance shut in Richards Bay was completed during the first half of the year. In 2015, a longer shut is required in order to conduct additional planned maintenance activities and is scheduled to take place in the first half of the year.

Tax

The Group's underlying effective tax rate of 19% was up 2% on the prior year on changes to the underlying profit mix and as the incentives related to previous major investments were fully utilised during the year.

Special items

Special items are those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying financial performance achieved by the Group and its businesses. These items are considered to be material either in nature or in amount.

The net special item charge of €52 million before tax comprised the following:

- €2 million charge for transaction costs relating to the acquisition of the bags and kraft paper business from Graphic Packaging in the US;
- €38 million charge for various restructuring activities and €6 million charge for related asset impairments in the Speciality Kraft Paper business, Industrial Bags business, Extrusion Coatings business and Consumer Packaging business;
- €4 million gain on release of a provision for transaction costs attributable to the Nordenia acquisition;
- €3 million gain on settlement of a 2007 court case; and
- €13 million charge on early redemption of the €280 million Eurobond.

Further detail is provided in note 3 of the condensed financial statements.

After taking special items into consideration, profit attributable to shareholders of €471 million (97.4 euro cents per share) was 22% higher than the previous year (€386 million, 79.8 euro cents per share).

Treasury and borrowings

The Group maintains diversified sources of funding and debt maturities. Our policy is to fund subsidiaries in their local functional currency. External funding is obtained in a range of currencies, and where required, translated into the subsidiaries' functional currencies through the swap market.

Net debt at 31 December 2014 of €1,613 million was at a similar level to the previous year. Net finance charges of €97 million were €18 million lower than the previous year, with the Group benefiting from lower average interest rates and lower average net debt.

The fair value of the Group's debt related derivative instruments is included in the calculation of net debt. The significant depreciation of the rouble towards the end of 2014 led to a significant unrealised gain being recognised at 31 December 2014.

Mondi's public credit ratings, first issued in March 2010, were reaffirmed during the year by Standard and Poor's at BBB- and Moody's Investors Service upgraded the Group's credit rating from Baa3 to Baa2. The upgrade validates the Group's high-quality, low-cost and well-diversified asset base and is testament to the robustness of the Group's business model and ability to generate strong cash flows through the business cycle.

In July 2014, the 9.75% €280 million bond assumed as part of the acquisition of Nordenia in 2012 was redeemed at a premium of 4.875%. The net loss on redemption of €13 million was recognised as a special item. The redemption was financed from existing borrowing facilities.

Gearing at 31 December 2014 was 36%, similar to the prior year. The Group's net debt to 12 month trailing EBITDA ratio was 1.4 times, well within the Group's key financial covenant requirement of 3.5 times.
The weighted average maturity of the Eurobonds and committed debt facilities was 4 years at 31 December 2014. At the end of the year €456 million of the Group's €2.1 billion committed debt facilities remained undrawn.

Cash flow

Mondi's cash generation continues to be strong. In 2014, the cash generated from our operating activities was €1,033 million.

Excluding the impact of the Graphic Packaging acquisition, working capital as a percentage of revenue was 12.3%, marginally above the Group's targeted range of 10-12%. The net investment in working capital during the year was €87 million (2013: €27 million).

Interest paid and returns to shareholders amounted to €331 million during the year, compared to €322 million in the previous year. Dividends of €193 million were paid to shareholders of the Group (2013: €138 million) and interest paid was €125 million (2013: €124 million). Dividends paid to holders of non-controlling interests in the Group's subsidiaries were lower in 2014, primarily due to the lower dividend from the 51% held Ruzomberok operations as cash was utilised for the completion of the €128 million recovery boiler investment.

In 2014, we invested €562 million in capital expenditure and completed 3 acquisitions with a total purchase price (including debt assumed) of €104 million.

Capital investments

Capital expenditure amounted to €562 million, with a number of large investment projects both completed and initiated during the year.

The €70 million, 155,000 tonne per annum bleached kraft paper machine in Steti, Czech Republic was successfully started up during April 2014.

The new €128 million recovery boiler in Ruzomberok, Slovakia started up in November, significantly improving the mill's environmental footprint, making the mill 100% energy self-sufficient, reducing ongoing operating and maintenance costs and providing additional pulp production capacity.

Around the same time, the €30 million pulp dryer in Syktyvkar, Russia, producing 100,000 tonnes of FSC certified softwood market pulp per year, was also completed.

The Group has a strong capital project pipeline, with a number of significant projects underway. The €166 million project in Swiecie, Poland, bringing forward the planned replacement of the recovery boiler and coal fired boilers is progressing according to plan and on track for project start-up in the second half of 2015.

Early in 2015, the Boards approved the €94 million second phase of this project which will ensure full utilisation of the new recovery boiler's capacity, provide an additional 100,000 tonnes per annum of softwood pulp, 80,000 tonnes per annum of kraftliner and further improve the mill's product mix flexibility.

The Boards have also approved approximately €30 million for a project at the South Africa Division's Richards Bay mill to upgrade the wood yard. Other significant projects in progress or approved during the year, amounting to approximately €130 million, include projects intended to further modernise some of the Group's kraft paper and converting operations, provide additional capacity and production flexibility and reduce ongoing operating and maintenance costs.

The incremental operating profit expected from major projects in 2015 is around €50 million (2014: €45 million), illustrating the benefits that arise from these high return investments. Given this project pipeline, and in the absence of other major projects, capital expenditure is expected to average €550 – €560 million per year over the next two years.

Dividend

The Boards' aim is to offer shareholders long-term dividend growth within a targeted dividend cover range of two to three times over the business cycle. Given the Group's strong financial position and the Boards' stated objective to increase distributions to shareholders through the ordinary dividend, the Boards have recommended an increase in the final dividend.

The Boards of Mondi Limited and Mondi plc have recommended a final dividend of 28.77 euro cents per share (2013: 26.45 euro cents per share), payable on 21 May 2015 to shareholders on the register on 24 April 2015. Together with the interim dividend of 13.23 euro cents per share, paid on 16 September 2014, this amounts to a total dividend for the year of 42.0 euro cents per share. In 2013, the total dividend for the year was 36.0 euro cents per share.

The final dividend is subject to the approval of the shareholders of Mondi Limited and Mondi plc at the respective annual general meetings scheduled for 13 May 2015.

Outlook

Economic growth is expected to remain below historical averages in the regions in which the Group operates. This slow economic growth is expected to continue to impact on demand for Mondi's products in the short term, although underlying industry fundamentals remain generally sound, with supply/demand balance supported by supply-side constraint.

Recent exchange rate movements provide a mixed impact, although with a clearly positive bias when considered for the Group as a whole. Furthermore, the recently completed capital investments and ongoing projects should contribute meaningfully to the Group's performance going forward. As such, management is confident that Mondi will make further progress in the year ahead.

Principal risks and uncertainties

The executive committee, audit committee and Boards conduct an annual formal systematic review of the Group's most significant risks and uncertainties, including how these risks are monitored and managed. Risk management is embedded in all decision making processes, with ongoing review of the Group's risks throughout the year as well as risk assessments being conducted as part of all investment decisions. A number of the key risks to which we are exposed are a function of our strategy and thus are long-term in nature and do not tend to change significantly from year to year.

Risk management is by nature a dynamic and ongoing process. Our risk management framework is designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks that could undermine our ability to achieve our business objectives into the future. It is flexible, to ensure that it remains relevant at all levels of the business; and dynamic to ensure we can be responsive to changing business conditions. This is particularly important given the diversity of the Group's locations, markets and production processes.

Over the course of the year, the audit committee has reviewed each of the principal risks set out below. In evaluating the Group's risk management and internal control processes, the committee has considered both internal and external audit reports and received confirmation from the finance heads of the business units that financial control frameworks have operated satisfactorily.

The Boards are satisfied that the Group has effective systems and controls in place to manage its key risks within the risk tolerance levels established by the Boards.

Industry capacity
Plant utilisation levels are the main driver of profitability in paper mills. New capacity additions are usually in large increments which, through their impact on the supply/demand balance, influence market prices. Unless market growth exceeds capacity additions, excess capacity may lead to lower selling prices.

We monitor industry developments in terms of changes in capacity as well as trends and developments in our own product markets. Our strategic focus on low-cost production and innovation activities to produce higher value added products, combined with our focus on growing markets, with consistent investment in our operating capacity ensures that we remain competitive.

Product substitution
Sustainability considerations and changes in consumer preferences affect the demand for packaging products. Factors such as the weight of packaging materials, increased use of recycled materials, electronic substitution of paper products, increasing demand for certified and labelled goods and specific material qualities all impact on the demand for the products Mondi produces.

Our ability to meet changes in consumer demand depends on our capacity to correctly anticipate such changes and develop new products on a sustainable, competitive and cost effective basis. Our focus for growth is on products enjoying positive substitution dynamics and growing regional markets. We work with our customers in developing new markets and new products. Our broad range of converting products provides some protection from the effects of substitution between paper and plastic based packaging products.

Selling price variability
Our selling prices are determined by changes in capacity and by demand for our products, which are, in turn, influenced by macroeconomic conditions, consumer spending preferences and inventory levels maintained by our customers. Changes in prices differ between products and geographic regions and the timing and magnitude of such changes have varied significantly over time and are unpredictable.

Our strategic focus is on higher growth markets and products where we enjoy a competitive advantage through innovation, proximity or a production cost advantage. We continue to invest in our low-cost, high quality production assets to ensure we maintain our competitive cost position. Our high levels of vertical integration reduce our exposure to price volatility of our key input costs. Our financial policies and structures are designed taking the inherent price volatility of the markets in which we operate into consideration.

Country risk
We have production operations across more than 30 countries, a number of which are in jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, inflation, changes in laws, nationalisation or expropriation of assets may have a material effect on our operations in those countries.

We actively monitor all countries and environments in which we operate and have established limits on exposure to any particular geographic environment. We engage in regular formal and informal interaction with the authorities to ensure we remain abreast of any new development. New investments are subject to rigorous strategic and commercial evaluation. Our geographic diversity and decentralised management structure, utilising local resources in countries in which we operate, reduces our exposure to any specific jurisdiction.

We have around 11% of our capital employed in Russia and a limited presence in the Ukraine. The US, European Union and a number of other countries imposed economic sanctions and other measures on persons and corporate entities in Russia and the Ukraine. Possible additional sanctions and/or other measures on Russia could have a material adverse effect on our business. To date, the measures imposed have had no material impact on our operations.

Fibre supply
Wood, pulp and paper for recycling comprise approximately a third of our input costs. We have access to our own sources of wood in Russia and South Africa and purchase wood, pulp and paper for recycling to meet our needs in the balance of our operations. Wood prices and availability may be adversely affected by reduced quantities of available wood supply that meet our standards for chain-of-custody certified or controlled wood, and initiatives to promote the use of wood as a renewable energy source.

We are committed to acquiring fibre from sustainable, responsible sources and avoiding the use of any controversial or illegal supply. The sustainable management of our forestry operations is key in managing our overall environmental impact, helping to preserve ecosystems and resilient landscapes. We have built strong forestry management resources in Russia and South Africa to actively monitor and manage our wood resources in those countries. We maintain 100% FSC certification of our forests in Russia and South Africa. We have multiple suppliers for each of our mills and actively pursue longer term agreements with strategic suppliers of wood, pulp and paper for recycling. We work in collaboration with private and public sectors to address challenges in meeting the global demand for sustainable, responsible fibre.

Energy and related input costs
Energy and related input costs comprise approximately a third of our variable costs. Mondi is a significant consumer of electricity and both purchases electricity from external suppliers and generates it internally. To the extent that we don't generate electricity from biomass and by-products of our production processes, we are dependent on external suppliers for raw materials such as gas, oil and coal.

We monitor our electricity usage levels, emission levels and use of renewable energy. Most of our larger operations have high levels of electricity self-sufficiency. We focus on improving the efficiency of our operations and have invested in our operations to improve our energy profile and increase electrical self-sufficiency, while reducing ongoing operating costs and emission levels. To the extent that we generate electricity surplus to our own requirements, we may sell such surplus externally. We also generate revenue from the sale of green energy credits in certain of our operations, the prices of which are determined in the open market.

Environmental impact
We operate in a high-impact sector and need to manage the associated risks and responsibilities. Our operations are water, carbon and energy intensive; consume materials such as fibre, polymers, metals and chemicals; and generate emissions in the air, water and land. We are the custodian of more than two million hectares of forested land. We are subject to a wide range of international, national, state and local environmental laws and regulations as well as the requirements of our customers.

We ensure that we are complying with all applicable environmental, health and safety requirements where we operate. Our own policies and procedures, at or above local policy requirements, are embedded in all our operations. We focus on a clean production philosophy to address the impact from emissions, discharge and waste. We focus on increasing the energy efficiency of our operations and using biomass-based fuels, reducing our use of fossil-based energy sources. We emphasise the responsible management of forests and associated ecosystems, protecting high conservation value areas.

Employee and contractor safety
We operate large facilities, often in remote locations. Accidents/incidents cause injury to our employees or contractors, property damage, lost production time and harm to our reputation.

We have a zero harm policy. We continually monitor incidents and close calls and actively transfer learnings across our operations. We apply an externally accredited safety management system and conduct regular audits of our operations to ensure our facilities remain fit-for-purpose.

Reputational risk
Non-compliance with the legal and governance requirements in any of the jurisdictions in which we operate could expose us to significant risk if not actively managed. These include laws relating to the environment, exports, price controls, taxation and labour.

We operate a comprehensive training and compliance programme, supported by self-certification and reporting. We also operate a confidential reporting hotline, Speakout, enabling employees, customers, suppliers, managers and other stakeholders to raise concerns about conduct that may be contrary to our values.

Financial risks
Our trading and financing activities expose the Group to financial risks that, if left unmanaged, could adversely impact our financial position. These risks relate to the currencies in which we conduct our activities, interest rate and liquidity risks and exposure to customer credit risk.

Our approach to financial risk management is described in notes 29 and 30 of the annual financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, the most significant risks and the Group's related management and mitigating actions are set out above. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the condensed financial statements.

Mondi's geographical spread, product diversity and large customer base mitigate potential risks of customer or supplier liquidity issues. Ongoing initiatives by management in implementing profit improvement initiatives which include ongoing investment in its operations, plant optimisation, cost-cutting and restructuring and rationalisation activities have consolidated the Group's leading cost position in its chosen markets. Working capital levels and capital expenditure programmes are strictly monitored and controlled.

The Group meets its funding requirements from a variety of sources as more fully described in note 11 of the condensed financial statements. The availability of some of these facilities is dependent on the Group meeting certain financial covenants all of which have been complied with. Mondi had €456 million of undrawn committed debt facilities as at 31 December 2014 which should provide sufficient liquidity in the medium term. The Group's debt facilities have maturity dates of between 1 and 11 years, with a weighted average maturity of 4 years.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment indicate that the Group should be able to operate well within the level of its current facilities and related covenants.

The directors have reviewed the overall Group strategy, the budget for 2015 and subsequent years, considered the assumptions contained in the budget and reviewed the critical risks which may impact the Group's performance. After making such enquiries, the directors are satisfied that the Group remains solvent and has adequate liquidity in order to meet its obligations and continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing this report.

Contact details

Mondi Group	
David Hathorn	+27 11 994 5418
Andrew King	+27 11 994 5415
Lora Rossler	+27 83 627 0292
FTI Consulting	
Richard Mountain	+44 7909 684 466
Sue I Ong	+44 20 3727 1340

Conference call dial-in and audio cast details

Please see below details of our dial-in conference call and audio cast that will be held at 08:30 (UK) and 10:30 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0808 162 4061 (toll-free)
Europe	00800 246 78 700 (toll-free)
Alternate	+27 11 535 3600

An online audio cast facility will be available via: www.mondigroup.com/FYResults14.

The presentation will be available online via the above website address an hour before the audio cast commences. Questions can be submitted via the dial-in conference call or by e-mail via the audio cast.

Should you have any issues on the day with accessing the dial-in conference call, please call +27 11 535 3600.

Should you have any issues on the day with accessing the audio cast, please e-mail mondi@kraftwerk.co.at and you will be contacted immediately.

An audio recording of the presentation will be available on Mondi's website during the afternoon of 24 February 2015.

Directors' responsibility statement

These financial statements have been prepared under the supervision of the Group chief financial officer, Andrew King CA (SA), and have been audited in compliance with the applicable requirements of the Companies Act of South Africa 2008 and the UK Companies Act 2006.

The directors confirm that to the best of their knowledge:

- the condensed combined and consolidated financial statements of the Group has been prepared in accordance with International Financial Reporting Standards and in particular with International Accounting Standard 34, 'Interim Financial Reporting';
- the full year results announcement includes a fair review of the significant events during the year ended 31 December 2014 and a description of the principal risks and uncertainties;

- there have been no significant individual related party transactions during the year; and
- there have been no significant changes in the Group's related party relationships from that reported in the half-yearly results for the six months ended 30 June 2014.

The Group's condensed combined and consolidated financial statements, and related notes, were approved by the Boards and authorised for issue on 23 February 2015 and were signed on their behalf by:

David Hathorn
Director

Andrew King
Director

23 February 2015

Audited financial information

The condensed combined and consolidated financial statements and notes 1 to 19 for the year ended 31 December 2014 have been audited by the Group's auditors, Deloitte LLP and Deloitte & Touche. Their unqualified audit reports are available for inspection at the Group's registered offices.

Condensed combined and consolidated income statement

for the year ended 31 December 2014

		2014			2013		
€ million	Notes	**Before special items**	**Special items (note 4)**	**After special items**	Before special items	Special items (note 4)	After special items
Group revenue		**6,402**	**-**	**6,402**	6,476	-	6,476
Materials, energy and consumables used		(3,314)	-	(3,314)	(3,391)	-	(3,391)
Variable selling expenses		(499)	-	(499)	(523)	-	(523)
Gross margin		**2,589**	**-**	**2,589**	2,562	-	2,562
Maintenance and other indirect expenses		(283)	-	(283)	(278)	-	(278)
Personnel costs		(946)	(29)	(975)	(940)	(17)	(957)
Other net operating expenses		(234)	(4)	(238)	(276)	(10)	(286)
Depreciation, amortisation and impairments		(359)	(6)	(365)	(369)	(67)	(436)
Operating profit		**767**	**(39)**	**728**	699	(94)	605
Non-operating special items	4	-	-	-	-	7	7
Net profit from associates		1	-	1	2	-	2
Total profit from operations and associates		**768**	**(39)**	**729**	701	(87)	614
Net finance costs	6	**(97)**	**(13)**	**(110)**	(115)	-	(115)
Investment income		3	-	3	3	-	3
Foreign currency losses		-	-	-	(1)	-	(1)
Finance costs		(100)	(13)	(113)	(117)	-	(117)
Profit before tax		**671**	**(52)**	**619**	586	(87)	499
Tax charge	7	(126)	4	(122)	(98)	13	(85)
Profit for the year		**545**	**(48)**	**497**	488	(74)	414
Attributable to:							
Non-controlling interests		26		**26**	28		28
Shareholders		519		**471**	460		386
Earnings per share (EPS) for profit attributable to shareholders							
Basic EPS (€ cents)	8			**97.4**			79.8
Diluted EPS (€ cents)	8			**97.1**			79.6
Basic underlying EPS (€ cents)	8			**107.3**			95.0
Diluted underlying EPS (€ cents)	8			**107.0**			94.8
Basic headline EPS (€ cents)	8			**99.5**			91.3

Diluted headline EPS (€ cents)	8	**99.2**	91.1

Condensed combined and consolidated statement of comprehensive income

for the year ended 31 December 2014

€ million	**2014** Before tax amount	**2014** Tax (expense)/ benefit	**2014** Net of tax amount	2013 Before tax amount	2013 Tax expense	2013 Net of tax amount
Profit for the year			**497**			414
Other comprehensive (expense)/income						
Items that may subsequently be reclassified to the combined and consolidated income statement:						
Fair value gains/(losses) on cash flow hedges	2	(1)	1	(2)	-	(2)
Gains on available-for-sale investments	1	-	1	2	-	2
Exchange differences on translation of foreign operations	(193)	-	(193)	(233)	-	(233)
Share of other comprehensive expense of associates	-	-	-	(1)	-	(1)
Items that will not subsequently be reclassified to the combined and consolidated income statement:						
Remeasurements on retirement benefits plans:	(44)	9	(35)	19	(6)	13
Return on plan assets	11			4		
Actuarial gains/(losses) arising from changes in demographic assumptions	2			(4)		
Actuarial (losses)/gains arising from changes in financial assumptions	(62)			17		
Actuarial gains arising from experience adjustments	3			4		
Asset ceiling movement	2			(2)		
Other comprehensive (expense)/income for the year	**(234)**	**8**	**(226)**	(215)	(6)	(221)
Other comprehensive (expense)/income attributable to:						
Non-controlling interests	**2**	**-**	**2**	(11)	-	(11)
Shareholders	**(236)**	**8**	**(228)**	(204)	(6)	(210)
Total comprehensive income for the year			**271**			193
Total comprehensive income attributable to:						
Non-controlling interests			**28**			17
Shareholders			**243**			176

Condensed combined and consolidated statement of financial position

as at 31 December 2014

€ million	Notes	**2014**	2013
Intangible assets		658	675
Property, plant and equipment		3,432	3,428
Forestry assets	10	235	233

Other non-current assets		42	38
Total non-current assets		**4,367**	4,374
Inventories		843	746
Trade and other receivables		966	954
Financial instruments		76	6
Cash and cash equivalents	14b	56	130
Other current assets		40	30
Total current assets		**1,981**	1,866
Total assets		**6,348**	6,240
Short-term borrowings	11	(176)	(181)
Trade and other payables		(998)	(989)
Other current liabilities		(149)	(126)
Total current liabilities		**(1,323)**	(1,296)
Medium and long-term borrowings	11	(1,565)	(1,571)
Net retirement benefits liability	12	(250)	(211)
Deferred tax liabilities		(259)	(264)
Other non-current liabilities		(57)	(52)
Total non-current liabilities		**(2,131)**	(2,098)
Total liabilities		**(3,454)**	(3,394)
Net assets		**2,894**	2,846
Equity			
Share capital and stated capital		542	542
Retained earnings and other reserves		2,086	2,049
Total attributable to shareholders		**2,628**	2,591
Non-controlling interests in equity		266	255
Total equity		**2,894**	2,846

The Group's condensed combined and consolidated financial statements, and related notes, were approved by the Boards and authorised for issue on 23 February 2015 and were signed on their behalf by:

David Hathorn
Director

Andrew King
Director

Mondi Limited company registration number: 1967/013038/06
Mondi plc company registered number: 6209386

Condensed combined and consolidated statement of changes in equity

for the year ended 31 December 2014

€ million	Equity attributable to shareholders	Non-controlling interests	**Total equity**
At 1 January 2013	2,572	301	**2,873**
Total comprehensive income/(expense) for the year	176	17	**193**
Dividends paid	(138)	(60)	**(198)**
Purchases of treasury shares	(30)	-	**(30)**
Other	11	(3)	**8**
At 31 December 2013	2,591	255	**2,846**
Total comprehensive income/(expense) for the year	243	28	**271**
Dividends paid	(193)	(16)	**(209)**
Purchases of treasury shares	(22)	-	**(22)**
Other	9	(1)	**8**
At 31 December 2014	**2,628**	**266**	**2,894**

Equity attributable to shareholders

€ million	**2014**	2013
Combined share capital and stated capital	542	542
Treasury shares	(24)	(24)
Retained earnings	2,497	2,233
Cumulative translation adjustment reserve	(569)	(374)
Post-retirement benefits reserve	(92)	(57)
Share-based payment reserve	19	18
Cash flow hedge reserve	(1)	(2)
Merger reserve	259	259
Other sundry reserves	(3)	(4)
Total	**2,628**	2,591

Condensed combined and consolidated statement of cash flows

for the year ended 31 December 2014

€ million	Notes	**2014**	2013
Cash flows from operating activities			
Cash generated from operations	14a	1,033	1,036
Dividends from associates		2	1
Income tax paid		(106)	(126)
Net cash generated from operating activities		**929**	911
Cash flows from investing activities			
Investment in property, plant and equipment		(562)	(405)
Investment in intangible assets		(8)	(12)
Investment in forestry assets	10	(37)	(41)
Acquisition of subsidiaries, net of cash and cash equivalents	13	(72)	-
Other investing activities		36	45
Net cash used in investing activities		**(643)**	(413)
Cash flows from financing activities			
Proceeds from medium and long-term borrowings	14c	354	107
Repayment of medium and long-term borrowings	14c	-	(117)
Repayment of short-term borrowings	14c	(375)	(77)
Interest paid		(125)	(124)
Dividends paid to shareholders	9	(193)	(138)
Dividends paid to non-controlling interests		(13)	(60)
Purchases of treasury shares		(22)	(30)
Other financing activities		34	28
Net cash used in financing activities		**(340)**	(411)
Net (decrease)/increase in cash and cash equivalents		**(54)**	87
Cash and cash equivalents at beginning of year		64	(37)
Cash movement in the year	14c	(54)	87
Effects of changes in foreign exchange rates	14c	(1)	14
Cash and cash equivalents at end of year	14b	**9**	64

Notes to the condensed combined and consolidated financial statements

for the year ended 31 December 2014

1 Basis of preparation

The Group has two separate legal parent entities, Mondi Limited and Mondi plc, which operate under a dual listed company (DLC) structure. The substance of the DLC structure is such that Mondi Limited and its subsidiaries, and Mondi plc and its subsidiaries, operate together as a single economic entity through a sharing agreement, with neither parent entity assuming a dominant role. Accordingly, Mondi Limited and Mondi plc are reported on a combined and consolidated basis as a single reporting entity.

The Group's condensed combined and consolidated financial statements and notes 1 to 19 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain the information required by IAS 34, 'Interim Financial Reporting'. There are no differences for the Group in applying IFRS as issued by the IASB and IFRS as adopted by the European Union (EU) and therefore the Group also complies with Article 4 of the EU IAS Regulation.

The condensed combined and consolidated financial statements have been prepared on a going concern basis as discussed in the Group overview under the heading 'Going concern'.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2014 or 2013 but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies, and those for 2014 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the UK Companies Act 2006. Copies of their unqualified auditors' reports on the Integrated report and financial statements 2014 as well as the condensed combined and consolidated financial statements are available for inspection at the Mondi Limited and Mondi plc registered offices.

These condensed combined and consolidated financial statements have been prepared on the historical cost basis, except for the fair valuing of financial instruments and forestry assets.

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the condensed combined and consolidated financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

3 Operating segments

Reorganisation of business segments

During the year, the Group refined its organisational structure, resulting in several changes to segmental reporting. The most significant of these changes were the:

- transfer of the release liner business from Fibre Packaging to Consumer Packaging to take advantage of identified synergies in customer relations, innovation and the global footprint of these businesses; and
- transfer of the 66,000 tonne per annum kraft paper machine at the Ruzomberok mill from Uncoated Fine Paper to Packaging Paper.

All comparative segmental information has been restated. The reorganisation had no impact on the overall Group result.

Year ended 31 December 2014

	Europe & International							
€ million, unless otherwise stated	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division	Corporate & other	Intersegment elimination	**Segments total**
Segment revenue	2,043	1,852	1,379	1,240	596	-	(708)	**6,402**
Internal revenue	(559)	(41)	(5)	(6)	(97)	-	708	**-**
External revenue	1,484	1,811	1,374	1,234	499	-	-	**6,402**
EBITDA	443	166	158	238	153	(32)	-	**1,126**
Depreciation, amortisation and impairments	(101)	(64)	(62)	(90)	(41)	(1)	-	**(359)**
Operating profit/(loss) from operations before special items	342	102	96	148	112	(33)	-	**767**
Special items	(6)	(16)	(17)	-	-	(13)	-	**(52)**

Operating segment assets	1,961	1,165	1,185	1,089	743	4	(166)	**5,981**
Operating net segment assets	1,588	875	1,021	922	626	2	-	**5,034**
Additions to non-current non-financial assets	279	104	109	125	68	-	-	**685**
Capital expenditure cash payments	259	77	80	117	29	-	-	**562**
Operating margin (%)	*16.7*	*5.5*	*7.0*	*11.9*	*18.8*	-	-	***12.0***
Return on capital employed (%)	*23.7*	*13.4*	*10.4*	*16.1*	*21.9*	-	-	***17.2***
Average number of employees (thousands)	5.0	7.3	4.6	6.5	1.6	0.1	-	**25.1**

Year ended 31 December 2013 (restated)

	Europe & International							
€ million, unless otherwise stated	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division	Corporate & other	Intersegment elimination	**Segments total**
Segment revenue	2,073	1,690	1,414	1,335	624	-	(660)	6,476
Internal revenue	(506)	(43)	(4)	(6)	(101)	-	660	-
External revenue	1,567	1,647	1,410	1,329	523	-	-	6,476
EBITDA	408	146	143	266	135	(30)	-	1,068
Depreciation, amortisation and impairments	(100)	(60)	(64)	(102)	(42)	(1)	-	(369)
Operating profit/(loss) from operations before special items	308	86	79	164	93	(31)	-	699
Special items	-	(3)	(13)	(60)	(11)	-	-	(87)
Operating segment assets	1,905	1,001	1,121	1,270	731	2	(140)	5,890
Operating net segment assets	1,543	771	964	1,099	622	1	-	5,000
Additions to non-current non-financial assets	165	66	65	85	93	-	-	474
Capital expenditure cash payments	141	71	61	80	52	-	-	405
Operating margin (%)	*14.9*	*5.1*	*5.6*	*12.3*	*14.9*	-	-	*10.8*
Return on capital employed (%)	*21.7*	*11.8*	*8.7*	*16.0*	*16.0*	-	-	*15.3*
Average number of employees (thousands)	5.0	6.7	4.6	7.1	1.8	-	-	25.2

Reconciliation of operating profit before special items

€ million	**2014**	2013
Operating profit before special items	**767**	699
Special items (see note 4)	(52)	(87)
Net profit from associates	1	2
Net finance costs (excluding financing special item)	(97)	(115)
Group profit before tax	**619**	499

Reconciliation of total profit from operations and associates to EBITDA

€ million	**2014**	2013
Total profit from operations and associates	**729**	614
Special items (see note 4) (excluding financing special item)	39	87

Depreciation, amortisation and impairments	359	369
Net profit from associates	(1)	(2)
EBITDA	**1,126**	1,068

Reconciliation of operating segment assets

	2014		(Restated) 2013	
€ million	**Segment assets**	**Net segment assets**	Segment assets	Net segment assets
Segments total	**5,981**	**5,034**	5,890	5,000
Unallocated:				
Investments in associates	5	5	6	6
Deferred tax assets/(liabilities)	10	(249)	4	(260)
Other non-operating assets/(liabilities)	224	(283)	207	(281)
Group capital employed	**6,220**	**4,507**	6,107	4,465
Financial instruments/(net debt)	128	(1,613)	133	(1,619)
Total assets/equity	**6,348**	**2,894**	6,240	2,846

External revenue by product type

€ million	**2014**	(Restated) 2013
Products		
Fibre packaging products	1,776	1,617
Packaging paper products	1,435	1,482
Consumer packaging products	1,385	1,422
Uncoated fine paper	1,185	1,284
Pulp	240	269
Newsprint	146	177
Other	235	225
Group total	**6,402**	6,476

	External revenue by location of production		**External revenue by location of customer**	
€ million	**2014**	2013	**2014**	2013
Revenue				
Africa				
South Africa	596	623	419	432
Rest of Africa	10	11	216	231
Africa total	606	634	635	663
Western Europe				
Austria	960	958	153	161
Germany	931	993	966	1,003
United Kingdom	34	48	236	262
Rest of western Europe	664	720	1,331	1,390
Western Europe total	2,589	2,719	2,686	2,816
Emerging Europe				
Poland	873	877	484	450
Rest of emerging Europe	1,144	1,168	857	893
Emerging Europe total	2,017	2,045	1,341	1,343

Russia	685	741	559	608
North America	437	274	515	349
South America	-	-	61	57
Asia and Australia	68	63	605	640
Group total	**6,402**	6,476	**6,402**	6,476

4 Special items

€ million	**2014**	2013
Operating special items		
Asset impairments	(6)	(67)
Restructuring and closure costs:		
Personnel costs relating to restructuring	(29)	(17)
Restructuring and closure costs excluding related personnel costs	(9)	(10)
Reversal of provision for transaction costs attributable to Nordenia acquisition	4	-
Transaction costs for US acquisition	(2)	-
Gain on settlement of 2007 legal case	3	-
Total operating special items	**(39)**	(94)
Non-operating special item		
Gain on sale of land	**-**	7
Financing special item		
Net charge on early redemption of €280 million Eurobond	**(13)**	-
Total special items before tax and non-controlling interests	**(52)**	(87)
Tax (see note 7)	4	13
Total special items attributable to shareholders	**(48)**	(74)

Operating special items

Restructuring and closure costs and related asset impairments during the year comprise:

- closure of one of the two speciality kraft paper machines in Finland with a capacity of 30,000 tonnes per annum. Restructuring costs of €5 million and related impairment of assets of €1 million were recognised in Packaging Paper;
- restructuring of certain operations in the Extrusion Coatings segment of Fibre Packaging giving rise to restructuring costs of €7 million;
- restructuring following the acquisition of the bags business from Graphic Packaging in the US, including the closure of the New Philadelphia operation. Restructuring costs of €10 million were recognised in Fibre Packaging;
- relocation of the Consumer Packaging head office and restructuring activities in its operations across Europe. Restructuring costs of €16 million and related asset impairments of €5 million were recognised.

Transaction costs of €2 million for the acquisition of the bags and kraft paper business from Graphic Packaging in the US were incurred.

A provision of €4 million in respect of transaction costs for the 2012 Nordenia acquisition was released.

A gain of €3 million was recognised in the Corrugated Packaging segment of Fibre Packaging for the settlement of a 2007 legal case.

Financing special item

On 15 July 2014, the Group redeemed the 9.75% €280 million Eurobond assumed as part of the acquisition of Nordenia in 2012. The net charge on redemption of €13 million was recognised.

5 Write-down of inventories to net realisable value

€ million	**2014**	2013
Write-down of inventories to net realisable value	(24)	(21)
Aggregate reversal of previous write-down of inventories	16	12

6 Net finance costs

Net finance costs and related foreign exchange losses are presented below:

€ million	**2014**	2013
Investment income		
Interest on bank deposits, loan receivables and other	**3**	3
Foreign currency losses		
Foreign currency losses	**-**	(1)
Finance costs		
Interest expense		
Interest on bank overdrafts and loans	(94)	(108)
Net interest expense on net retirement benefits liability	(11)	(11)
Total interest expense	**(105)**	(119)
Less: interest capitalised	5	2
Total finance costs before special item	**(100)**	(117)
Financing special item (see note 4)	**(13)**	-
Total finance costs after special item	**(113)**	(117)
Net finance costs	**(110)**	(115)

The weighted average interest rate applicable to capitalised interest on general borrowings for the year ended 31 December 2014 is 8.36% (2013: 5.34%) and is related to investments in Poland, Russia & Czech Republic (2013: related to investments in Austria and South Africa).

7 Taxation

The Group's effective rate of tax before special items for the year ended 31 December 2014, calculated on profit before tax before special items and including net profit from associates, is 19% (2013: 17%).

€ million	**2014**	2013
UK corporation tax at 21.5% (2013: 23.25%)	1	1
SA corporation tax at 28% (2013: 28%)	30	21
Overseas tax	86	105
Current tax	**117**	127
Deferred tax in respect of the current period	23	(1)
Deferred tax in respect of prior period over provision	(14)	(28)
Total tax charge before special items	**126**	98
Current tax on special items	-	(5)
Deferred tax on special items	(4)	(8)
Total tax credit on special items (see note 4)	**(4)**	(13)
Total tax charge	**122**	85

8 Earnings per share

€ cents per share	**2014**	2013
Profit for the year attributable to shareholders		
Basic EPS	**97.4**	79.8
Diluted EPS	**97.1**	79.6
Underlying earnings for the year		
Basic underlying EPS	**107.3**	95.0
Diluted underlying EPS	**107.0**	94.8
Headline earnings for the year		

Basic headline EPS	**99.5**	91.3
Diluted headline EPS	**99.2**	91.1

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

	Earnings	
€ million	**2014**	2013
Profit for the year attributable to shareholders	**471**	386
Special items (see note 4)	52	87
Related tax (see note 4)	(4)	(13)
Underlying earnings for the year	**519**	460
Special items not excluded from headline earnings	(46)	(27)
Profit on disposal of property, plant and equipment and intangible assets	-	(2)
Impairments not included in special items	4	4
Related tax	4	7
Headline earnings for the year	**481**	442

	Weighted average number of shares	
million	**2014**	2013
Basic number of ordinary shares outstanding	**483.6**	484
Effect of dilutive potential ordinary shares	1.3	1
Diluted number of ordinary shares outstanding	**484.9**	485

9 Dividends

An interim dividend for the year ended 31 December 2014 of 189.93650 rand cents/13.23 euro cents per share was paid on 16 September 2014 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 22 August 2014.

A proposed final dividend for the year ended 31 December 2014 of 28.77 euro cents per ordinary share will be paid on 21 May 2015 to those shareholders on the register of Mondi plc on 24 April 2015. An equivalent South African rand final dividend will be paid on 21 May 2015 to shareholders on the register of Mondi Limited on 24 April 2015. The final dividend is subject to the approval of the shareholders of Mondi Limited and Mondi plc at the respective annual general meetings scheduled for 13 May 2015.

Dividend timetable

The proposed final dividend for the year ended 31 December 2014 of 28.77 euro cents per share will be paid in accordance with the following timetable:

	Mondi Limited	**Mondi plc**
Last date to trade shares cum-dividend		
JSE Limited	17 April 2015	17 April 2015
London Stock Exchange	Not applicable	22 April 2015
Shares commence trading ex-dividend		
JSE Limited	20 April 2015	20 April 2015
London Stock Exchange	Not applicable	23 April 2015

Record date		
JSE Limited	24 April 2015	24 April 2015
London Stock Exchange	Not applicable	24 April 2015
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	30 April 2015	30 April 2015
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	4 May 2015	26 April 2015*
Payment Date		
South African Register	21 May 2015	21 May 2015
UK Register	Not applicable	21 May 2015
DRIP purchase settlement dates (subject to the purchase of shares in the open market)	29 May 2015	26 May 2015**
Currency conversion date		
ZAR/euro	24 February 2015	24 February 2015
Euro/sterling	Not applicable	5 May 2015

*4 May 2015 for Mondi plc South African branch register shareholders
**29 May 2015 for Mondi plc South African branch register shareholders

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 20 April 2015 and 27 April 2015, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 15 April 2015 and 27 April 2015, both dates inclusive.

Information relating to the dividend tax to be withheld from Mondi Limited shareholders and Mondi plc shareholders on the South African branch register will be announced separately, together with the ZAR/euro exchange rate to be applied, on or shortly after 24 February 2015.

Dividends paid to the shareholders of Mondi Limited and Mondi plc are presented on a combined basis.

€ cents per share	**2014**	2013
Final dividend paid (in respect of prior year)	26.45	19.10
Interim dividend paid	13.23	9.55
Final dividend proposed for the year ended 31 December	**28.77**	26.45

€ million	**2014**	2013
Final dividend paid (in respect of prior year)	129	92
Interim dividend paid	64	46
Final dividend proposed for the year ended 31 December	**139**	128
Declared by Group companies to non-controlling interests	16	60

10 Forestry assets

€ million	**2014**	2013
At 1 January	233	311
Capitalised expenditure	35	39
Acquisition of assets	2	2
Fair value gains	34	17
Disposal of assets	(13)	(9)
Felling costs	(54)	(55)
Reclassified to assets held for sale	(11)	-
Currency movements	9	(72)
At 31 December	**235**	233
Comprising:		
Mature	148	146
Immature	87	87
Total forestry assets	**235**	233

The fair value of forestry assets is a level 3 measure in terms of the fair value measurement hierarchy (see note 30b) and this category is consistent with prior years. The fair value of forestry assets is calculated on the basis of future expected net cash flows arising on the Group's owned forestry assets, discounted based on a pre tax yield on long-term bonds over the last five years.

11 Borrowings

	2014			2013		
€ million	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Secured						
Bank loans and overdrafts	2	2	4	4	2	6
Obligations under finance leases	1	1	2	1	6	7
Total secured	**3**	**3**	**6**	5	8	13
Unsecured						
Bank loans and overdrafts	170	553	723	175	261	436
Bonds	-	995	995	-	1,289	1,289
Bonds				-	1,340	1,340
Call option derivative				-	(51)	(51)
Other loans	3	14	17	1	13	14
Total unsecured	**173**	**1,562**	**1,735**	176	1,563	1,739
Total borrowings	**176**	**1,565**	**1,741**	181	1,571	1,752

The Group's borrowings as at 31 December are analysed by nature and underlying currency as follows:

2014/*€ million*	**Floating rate borrowings**	**Fixed rate borrowings**	**Non-interest bearing borrowings**	**Total carrying value**	**Fair value**
Euro	199	999	-	1,198	1,309
Pounds sterling	355	-	-	355	355
South African rand	58	-	7	65	65
Polish zloty	48	-	-	48	48
Russian rouble	11	-	-	11	11
Turkish lira	28	-	-	28	28
Other currencies	24	6	6	36	36
Carrying value	**723**	**1,005**	**13**	**1,741**	
Fair value	**723**	**1,116**	**13**		**1,852**

2013/*€ million*	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Total carrying value	Fair value
Euro	208	1,299	-	1,507	1,591
South African rand	79	-	6	85	85

Polish zloty	64	-	-	64	64
Russian rouble	30	-	-	30	30
Turkish lira	33	-	-	33	33
Other currencies	25	2	6	33	33
Carrying value	439	1,301	12	1,752	
Fair value	439	1,385	12		1,836

The fair values of the €500 million 2017 Eurobond and €500 million 2020 Eurobond are estimated from reference to the last price quoted in the secondary market. All other financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

In addition to the above, the Group swaps euro and sterling debt into other currencies through the foreign exchange market. The currencies swapped into/(out of) and the amounts as at 31 December were as follows:

€ million	**2014**	2013
Long-dated contracts with tenures of more than 12 months		
Russian rouble	-	27
Short-dated contracts with tenures of less than 12 months		
Russian rouble	141	179
Czech koruna	179	81
US dollar	67	80
Pounds sterling	(322)	62
Swedish krona	50	34
Polish zloty	198	94
Other	41	57
Total swapped	**354**	614

Financing facilities

Group liquidity is provided through a range of committed debt facilities. The principal loan arrangements in place include the following:

€ million, unless otherwise stated	**Maturity**	**Interest rate %**	**2014**	2013
Financing facilities				
Syndicated Revolving Credit Facility	Jul 2019	EURIBOR/LIBOR + margin	750	750
€500 million Eurobond	Apr 2017	5.75%	500	500
€500 million Eurobond	Sep 2020	3.375%	500	500
€280 million Eurobond	Jul 2014	9.75%	-	280
Export Credit Agency Facility	Jun 2020	EURIBOR + margin	92	111
European Investment Bank Facility	Jun 2025	EURIBOR + margin	100	100
Other	Various	Various	192	246
Total committed facilities			**2,134**	2,487
Drawn			(1,678)	(1,695)
Total committed facilities available			**456**	792

Both the €500 million Eurobonds contain a coupon step-up clause whereby the coupon will be increased by 1.25% per annum if Mondi fails to maintain at least one investment grade credit rating from either Moody's Investors Service or Standard & Poor's. Mondi currently has investment grade credit ratings from both Moody's Investors Service (Baa2, outlook stable) and Standard & Poor's (BBB-, outlook positive).

12 Retirement benefits

All assumptions related to the Group's defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually for the year ended 31 December 2013. The net retirement benefit liability increased by €38 million mainly due to changes in assumptions. The assets backing the defined benefit scheme liabilities reflect their market values as at 31 December 2014. Any movements in the assumptions have been recognised as a remeasurement in the condensed combined and consolidated statement of comprehensive income.

13 Business combinations

To 31 December 2014

Acquisition of bags and kraft paper business of Graphic Packaging International Inc

On 30 June 2014, Mondi acquired the bags and kraft paper business of Graphic Packaging International Inc (Graphic), a wholly-owned subsidiary of Graphic Packaging Holding Company, for a total consideration of US$101 million (€74 million) on a debt and cash-free basis. The production base comprised an integrated kraft paper mill, with production capacity of 135,000 tonnes per annum, and nine bags plants. The combination of Graphic with Mondi's existing network created a leading bags player in North America and expanded the Group's growing global footprint in this market.

Graphic's revenue for the year ended 31 December 2014 was €312 million with a loss after tax of €7 million. Graphic's revenue of €159 million and a loss after tax of €9 million since date of acquisition have been included in the combined and consolidated income statement.

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	**Book value**	**Revaluation**	**Fair value**
Net assets acquired:			
Intangible assets	-	1	1
Property, plant and equipment	77	(50)	27
Inventories	59	(7)	52
Trade and other receivables	28	(1)	27
Total assets	164	(57)	107
Trade and other payables	(30)	(1)	(31)
Net retirement benefits liability	(1)	-	(1)
Deferred tax liabilities	-	(1)	(1)
Total liabilities (excluding debt)	(31)	(2)	(33)
Short-term borrowings	(30)	-	(30)
Net assets acquired	**103**	**(59)**	**44**
Transaction costs expensed			2
Net cash paid per combined and consolidated statement of cash flows			**46**

Other acquisitions

On 31 July 2014, the acquisition of a consumer packaging plant in Poland from Printpack Inc (Printpack), for US$23 million (€17 million) on a debt and cash-free basis, was completed, adding to the Group's production capacity in that region.

Printpack's revenue for the year ended 31 December 2014 was €12 million with a loss after tax of €4 million. Since the acquisition date, revenue of €4 million and a loss of €1 million was contributed by Printpack and included in the combined and consolidated income statement.

On 31 October 2014, the industrial bags business was acquired from Inn_Flex S.r.L. & David Tomasin (Intercell), for US$12 million (€9 million) on a debt and cash-free basis, in line with the Group's growth strategy.

Intercell's revenue for the year ended 31 December 2014 was €11 million with a loss after tax of €1 million. Since the acquisition date, revenue of €2 million and a loss of €nil was contributed by Intercell and included in the combined and consolidated income statement.

Details of the net assets acquired, as adjusted from book to fair value, are as follows:

€ million	**Book value**	**Revaluation**	**Fair value**
Net assets acquired:			
Property, plant and equipment	20	2	22
Inventories	3	-	3
Trade and other receivables	5	-	5
Cash and cash equivalents	6	-	6
Total assets	34	2	36

Trade and other payables	(1)	(2)	(3)
Total liabilities (excluding debt)	(1)	(2)	(3)
Medium and long-term borrowings	(2)	-	(2)
Net assets acquired	**31**	**-**	**31**
Transaction costs expensed			1
Cash acquired net of overdrafts			(6)
Net cash paid per combined and consolidated statement of cash flows			**26**

€ million	**Net assets**	**Net cash paid**
Printpack	23	17
Intercell	8	9
Other acquisitions total	31	26

The fair value accounting of these acquisitions is provisional in nature. The nature of these businesses is such that further adjustments to the carrying values of acquired assets and/or liabilities are possible as the detail of the acquired businesses is evaluated post acquisition. If necessary, any adjustments will be made within 12 months of the acquisition dates.

In respect of trade and other receivables, the gross contractual amounts receivable and the best estimates at the acquisition dates of the contractual cash flows not expected to be collected approximate the book values and the revaluation amounts respectively as presented.

To 31 December 2013

There were no significant acquisitions during the year ended 31 December 2013.

14 Consolidated cash flow analysis

(a) Reconciliation of profit before tax to cash generated from operations

€ million	**2014**	2013
Profit before tax	**619**	499
Depreciation and amortisation	355	365
Impairment of property, plant and equipment and intangible assets (not included in special items)	4	4
Share-based payments	10	11
Non-cash effect of special items	15	60
Net finance costs (including financing special item)	110	115
Net profit from associates	(1)	(2)
Decrease in provisions and net retirement benefits	(10)	(25)
Increase in inventories	(71)	(7)
Increase in operating receivables	(2)	(14)
Decrease in operating payables	(14)	(6)
Fair value gains on forestry assets	(34)	(17)
Felling costs	54	55
Profit on disposal of property, plant and equipment and intangible assets	-	(2)
Other adjustments	(2)	-
Cash generated from operations	**1,033**	1,036

(b) Cash and cash equivalents

€ million	**2014**	2013
Cash and cash equivalents per combined and consolidated statement of financial position	56	130
Bank overdrafts included in short-term borrowings	(47)	(66)
Net cash and cash equivalents per combined and consolidated statement of cash flows	**9**	64

The fair value of cash and cash equivalents approximate their carrying values presented.

(c) Movement in net debt

The composition of net debt has been revised to take into account the Group's debt related derivative instruments. Comparative information has been restated accordingly.

The Group's net debt position is as follows:

€ million	Cash and cash equivalents	Debt due within one year	Debt due after one year	Current financial asset investments	Debt related derivative financial instruments	**Total net debt**
At 1 January 2013 (Restated)	(37)	(188)	(1,648)	1	(3)	**(1,875)**
Cash flow	87	77	10	-	-	**174**
Movement in unamortised loan costs	-	-	18	-	-	**18**
Net movement in derivative financial instruments	-	-	-	-	5	**5**
Reclassification	-	(34)	34	-	-	**-**
Currency movements	14	30	15	-	-	**59**
At 31 December 2013 (Restated)	64	(115)	(1,571)	1	2	**(1,619)**
Cash flow	(54)	375	(354)	(1)	-	**(34)**
Business combinations (see note 13)	-	(30)	(2)	-	-	**(32)**
Movement in unamortised loan costs	-	-	16	-	-	**16**
Net movement in derivative financial instruments	-	-	-	-	70	**70**
Reclassification	-	(388)	388	-	-	**-**
Currency movements	(1)	29	(42)	-	-	**(14)**
At 31 December 2014	**9**	**(129)**	**(1,565)**	**-**	**72**	**(1,613)**

The Group operates in certain countries (principally South Africa) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

The following table shows the amounts available to draw down on the Group's committed loan facilities:

€ million	**2014**	2013
Expiry date		
Within one year	59	42
One to two years	-	-
Two to five years	397	750
Total credit available	**456**	792

15 Capital commitments

€ million	**2014**	(Restated) 2013
Contracted for but not provided	344	330
Approved, not yet contracted for	1,009	889
Total capital commitments	**1,353**	1,219

These capital commitments relate to the following categories of non-current non-financial assets:

€ million	**2014**	(Restated) 2013
Intangible assets	26	19
Property, plant and equipment	1,327	1,200
Total capital commitments	**1,353**	1,219

The expected maturity of these capital commitments is:

€ million	**2014**	(Restated) 2013
Within one year	570	509
One to two years	451	412
Two to five years	332	298
Total capital commitments	**1,353**	1,219

Capital commitments are based on capital projects approved to date and the budget approved by the Boards. Major capital projects still require further approval before they commence. These capital commitments are expected to be financed from existing cash resources and borrowing facilities.

16 Contingent liabilities

Contingent liabilities comprise aggregate amounts as at 31 December 2014 of €26 million (2013: €25 million) in respect of loans and guarantees given to banks and other third parties. No acquired contingent liabilities have been recorded in the Group's combined and consolidated statement of financial position for both years presented.

17 Fair value disclosures

Financial instruments that are measured in the combined and consolidated statement of financial position at fair value or where the fair value of financial instruments have been disclosed in notes to the combined and consolidated financial statements require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

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

The Group does not hold any financial instruments categorised as level 3 financial instruments. The only assets measured at fair value on level 3 of the fair value measurement hierarchy are the Group's forestry assets as set out in note 10.

There have also been no transfers of assets or liabilities between levels of the fair value hierarchy during the year.

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

Specific valuation methodologies used to value financial instruments include:

- the fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates;
- the Group's commodity price derivatives are fair valued by independent third parties, who in turn calculate the fair values as the present value of expected future cash flows based on observable market data; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

Except as detailed in the following table, the directors consider that the carrying values of financial assets and financial liabilities recorded at amortised cost in the combined and consolidated financial statements are approximately equal to their fair values.

	Carrying amount		**Fair value**	
€ million	**2014**	2013	**2014**	2013
Financial liabilities				
Borrowings	**1,741**	1,752	**1,852**	1,836

18 Related party transactions

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with equity accounted investees and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant. Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, have been eliminated on consolidation.

There have been no significant changes to the related parties as disclosed in note 36 of the Group's annual financial statements for the year ended 31 December 2013.

19 Events occurring after 31 December 2014

With the exception of the proposed final dividend for 2014, included in note 9, there have been no material reportable events since 31 December 2014.

Production statistics

		2014	(Restated)[1] 2013
Packaging Paper			
Containerboard	Tonnes	2,160,485	2,138,714
Kraft paper	Tonnes	1,130,220	1,010,885
Softwood pulp	Tonnes	2,085,191	2,007,959
Internal consumption	Tonnes	1,970,491	1,859,597
Market pulp	Tonnes	114,700	148,362
Fibre Packaging			
Corrugated board and boxes	Mm²	1,343	1,344
Industrial bags	M units	4,446	4,032
Extrusion coatings	Mm²	1,401	1,472
Consumer Packaging			
Consumer packaging	Mm^2	6,397	6,387
Uncoated Fine Paper			
Uncoated fine paper	Tonnes	1,361,243	1,381,141
Newsprint	Tonnes	201,998	207,228
Hardwood pulp	Tonnes	1,127,594	1,087,615
Internal consumption	Tonnes	1,041,104	1,013,790
Market pulp	Tonnes	86,490	73,825
South Africa Division			
Containerboard	Tonnes	252,526	254,714
Uncoated fine paper	Tonnes	258,083	258,751
Hardwood pulp	Tonnes	648,635	645,611
Internal consumption	Tonnes	332,085	331,928
Market pulp	Tonnes	316,550	313,683
Softwood pulp – internal consumption	Tonnes	138,640	166,101
Newsprint	Tonnes	117,087	145,498

Note:
[1] Restated to reflect the change in the Group's segmental reporting. Refer to note 3 of the condensed combined and consolidated financial statements.

Exchange rates

	Average		Closing	
versus euro	**2014**	2013	**2014**	2013
South African rand	14.42	12.83	14.04	14.57
Czech koruna	27.53	25.99	27.74	27.43
Polish zloty	4.18	4.20	4.27	4.15
Pounds sterling	0.81	0.85	0.78	0.83
Russian rouble	50.73	42.32	72.34	45.32
Turkish lira	2.91	2.53	2.83	2.96
US dollar	1.33	1.33	1.21	1.38

Forward-looking statements

This document includes forward-looking statements. All statements other than statements of historical facts included herein, including, without limitation, those regarding Mondi's financial position, business strategy, market growth and developments, expectations of growth and profitability and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mondi, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions and are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. These forward-looking statements speak only as of the date on which they are made.

No assurance can be given that such future results will be achieved; various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include in particular but without any limitation: (1) operating factors, such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development plans and targets, changes in the degree of protection created by Mondi's patents and other intellectual property rights and the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for Mondi's products and raw materials and the pricing pressures thereto, financial condition of the customers, suppliers and the competitors of Mondi and potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in Mondi's principal geographical markets or fluctuations of exchange rates and interest rates.

Mondi expressly disclaims a) any warranty or liability as to accuracy or completeness of the information provided herein; and b) any obligation or undertaking to review or confirm analysts' expectations or estimates or to update any forward-looking statements to reflect any change in Mondi's expectations or any events that occur or circumstances that arise after the date of making any forward-looking statements, unless required to do so by applicable law or any regulatory body applicable to Mondi, including the JSE Limited and the LSE.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Editors' notes

We are Mondi: In touch every day

Mondi is an international packaging and paper Group, employing around 25,000 people across more than 30 countries. Our key operations are located in central Europe, Russia, North America and South Africa. We offer over 100 packaging and paper products, customised into more than 100,000 different solutions for customers and end consumers. In 2014, Mondi had revenues of €6.4 billion and a return on capital employed of 17.2%.

The Mondi Group is fully integrated across the packaging and paper value chain - from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. Our innovative technologies and products can be found in a variety of applications including hygiene components, stand-up pouches, super-strong cement bags, clever retail boxes and office paper. Our key customers are in industries such as automotive; building and construction; chemicals; food and beverage; home and personal care; medical and pharmaceutical; packaging and paper converting; pet care; and office and professional printing.

Mondi has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI.

For us, acting sustainably makes good business sense. We don't just talk about sustainability; we make it part of the way we work every day. We have been included in the FTSE4Good Index Series since 2008 and the JSE's Socially Responsible Investment (SRI) Index since 2007.

Sponsor in South Africa: UBS South Africa Proprietary Limited