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**Mondi Limited**

(Incorporated in the Republic of South Africa)  
(Registration number: 1967/013038/06)  
JSE share code: MND ISIN: ZAE000097051

**Mondi plc**

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

22 July 2011

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

**Consolidation of Mondi Limited's share capital and withdrawal of cautionary announcement**

**1. Introduction**

Shareholders of Mondi Group are referred to the announcement released on Tuesday, 31 May 2011 and the circulars to Shareholders of Mondi Limited and Mondi plc dated Tuesday, 31 May 2011 (the "Circulars") regarding:

- The proposed demerger of Mpact Limited ("Mpact") (formerly Mondi Packaging South Africa Limited) by Mondi Limited to the ordinary shareholders of Mondi Limited ("Mondi Limited Shareholders"), (the "Demerger");
- The proposed conversion of Mondi Limited Ordinary Shares and Mondi Limited Special Converting Shares with a par value of R0.20 per share to shares of no par value (the "Mondi Limited Conversion"); and
- The proposed consolidation of the Mondi Limited Ordinary Shares (the "Mondi Limited Consolidation").

As is more fully set out in the Circulars, the total number of new Mondi Limited Ordinary Shares ("New Mondi Limited Ordinary Shares") held by Mondi Limited Shareholders after the Mondi Limited Consolidation will be determined by reference to the volume weighted average price ("VWAP") of Mpact shares ("Mpact Shares") traded on the JSE, the VWAP of existing Mondi Limited Ordinary Shares ("Existing Mondi Limited Ordinary Shares") traded on the JSE and the VWAP of Mondi plc Ordinary Shares traded on the LSE and the JSE, in each case during the VWAP Period. The period ("VWAP Period"), used to calculate the VWAPs of the Mpact Shares, the Existing Mondi Limited Ordinary Shares and the Mondi plc Ordinary Shares and thus the ratio at which Existing Mondi Limited Ordinary Shares are to be consolidated into New Mondi Limited Ordinary Shares (the "Mondi Limited Consolidation Ratio"), comprised the first nine days of trading following the date of listing of Mpact Shares on the JSE.

Shareholders of Mondi Group are further referred to the announcement on Monday, 11 July 2011 whereby it was announced that, *inter alia*, the VWAP Period had commenced. Shareholders of Mondi Group are hereby informed that the VWAP Period ended at 5.00 p.m. (South Africa) on Thursday, 21 July 2011. Accordingly, in terms of the calculation methodology set out in the Circulars, the Mondi Limited Consolidation Ratio has been determined such that each Mondi Limited Shareholder will receive 81<sup>1</sup> New Mondi Limited Ordinary Shares in exchange for every 100 Existing Mondi Limited Ordinary Shares held on the record date for the Mondi Limited Consolidation, subject to rounding in accordance with usual JSE principles. Thus 29 million Existing Mondi Limited Ordinary Shares will be consolidated, resulting in 118 million New Mondi Limited Ordinary Shares in issue immediately after the Mondi Limited Consolidation.

**2. The financial effects of the Mondi Limited Consolidation**

In accordance with the provisions of the JSE Listings Requirements, the unaudited pro forma financial effects set out below are included for the purpose of illustrating the effects of the Demerger and the Mondi Limited Consolidation on Mondi's underlying earnings, diluted underlying earnings, basic earnings, diluted earnings, headline earnings, diluted headline earnings, net asset value and net tangible asset value, per Mondi Ordinary Share, for the year ended 31 December 2010 as if such transaction had occurred on 1 January 2010 for income statement purposes and 31 December 2010 for balance sheet purposes. The pro forma financial effects are the responsibility of the directors and have been prepared in accordance with the guidelines issued by the South African Institute of Chartered Accountants.

These unaudited pro forma financial effects are presented for illustrative purposes only and because of their nature, may

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<sup>1</sup> Based on the full Mondi Limited Consolidation Ratio of 0.80540

not give a fair reflection of Mondi Group's position, changes in equity, results of operations or cash flows following implementation of the Demerger and Mondi Limited Consolidation. The financial effects of the Demerger, as set out in the circular to shareholders dated 31 May 2011, did not include the impact of the Mondi Limited Consolidation. The Mondi Limited Consolidation will result in a reduction in the number of Mondi Limited Ordinary Shares in issue and therefore reduce the dilutive impact of the Demerger on a per share basis.

The pro-forma financial effects of the Demerger and of the Mondi Limited Consolidation having been completed are as follows:

<b>Per Mondi Share (Euro cents)<sup>1</sup></b>	<b>Before the Demerger<sup>4</sup></b>	<b>After the Demerger<sup>5</sup> but before the Mondi Limited Consolidation</b>	<b>After the Demerger and the Mondi Limited Consolidation</b>	<b>% change (after the Demerger and the Mondi Limited Consolidation vs before the Demerger)</b>
Underlying earnings <sup>2</sup>	47.0	42.6	45.0	(4)
Basic earnings	44.1	48.8	51.7	17
Headline earnings <sup>3</sup>	47.0	42.7	45.2	(4)
Diluted underlying earnings <sup>2</sup>	46.5	42.1	44.5	(4)
Diluted earnings	43.6	48.2	51.1	17
Diluted headline earnings <sup>3</sup>	46.5	42.2	44.7	(4)
Net asset value	6.33	5.94	6.29	(1)
Tangible net asset value	5.71	5.47	5.79	1
Issued ordinary shares (less treasury shares)	510	510	481	(6)
Weighted average number of ordinary shares in issue for the year (less treasury shares)	508	508	480	(6)
Weighted average number of diluted ordinary shares in issue for the year (less treasury shares)	514	514	485	(6)

**Notes:**

<sup>1</sup> Full details of the pro forma financial effects of the Demerger are contained in the Circulars referred to above.

<sup>2</sup> Underlying earnings per share excludes the impact of special items.

<sup>3</sup> The presentation of headline earnings per share is mandated under JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

<sup>4</sup> The Mondi Group financial information has been extracted, without adjustment, from the Mondi Group's audited results for the year ended 31 December 2010.

<sup>5</sup> The adjustments include the following main items:

- The exclusion of Mpact's financial contribution to the Mondi Group including the reversal of all related consolidation adjustments;
- The impact of the recapitalisation of Mpact, as described in the Circulars referred to above;
- The dividend in specie declared to Mondi Limited Shareholders, recognised at the estimated fair market value of those Mpact Shares distributed; and
- Estimated transaction costs.

Mondi's results for the half-year ended 30 June 2011 will be published on 28 July 2011. These results will include a table showing the illustrative effect on the Mondi Group as if the recapitalisation and demerger of Mpact and related Mondi Limited share consolidation had taken place at the beginning of each of the periods presented (six months ended 30 June 2011, six months ended 30 June 2010 and year ended 31 December 2010).

### **3. Effect of the Mondi Limited Consolidation on South African capital gains tax base cost**

On Wednesday, 20 July 2011, an apportionment ratio for the purposes of Section 46 of the Income Tax Act of 80.539% relating to each Existing Mondi Limited Ordinary Share's base cost was announced. Accordingly, the base cost of an Existing Mondi Limited Ordinary Share held by a Mondi Limited Shareholder after the demerger would be redetermined, for South African tax purposes, as 80.539% of the original base cost of such Existing Mondi Limited Ordinary Share ("the Redetermined Base Cost").

The Existing Mondi Limited Ordinary Shares and the New Mondi Limited Ordinary Shares will be treated as one and the same shares for South African capital gains tax purposes. Consequently, the base cost for South African taxation

purposes of a New Mondi Limited Ordinary Share received by a Mondi Limited Shareholder in exchange for its Existing Mondi Limited Ordinary Share currently held will be the Redetermined Base Cost divided by the Mondi Limited Consolidation Ratio.

#### 4. Salient dates and times

<b>The Mondi Limited Conversion and the Mondi Limited Consolidation</b>	<b>2011</b>
Last day to trade in Existing Mondi Limited Ordinary Shares	Friday, 29 July
New Mondi Limited Ordinary Shares listed and commence trading at 9.00 a.m (South Africa) on the JSE under new ISIN ZAE000156550 and the same JSE code MND	Monday, 1 August
Record date of the Mondi Limited Conversion and Mondi Limited Consolidation	Friday, 5 August
Mondi Limited Conversion and Mondi Limited Consolidation effected	Monday, 8 August
Replacement certificates in respect of New Mondi Limited Ordinary Shares will be posted by registered post to certificated Mondi Limited Shareholders whose share certificates have been received by 12.00 p.m. (South Africa) on Friday, 5 August 2011 on or about	Monday, 8 August
If share certificates have not been received by 12.00 p.m. (South Africa) on Friday, 5 August 2011, replacement share certificates in respect of New Mondi Limited Ordinary Shares will be posted by registered post within five business days of receipt of the share certificates after	Monday, 8 August
Dematerialised Mondi Limited Shareholders will have their accounts at their CSDP or broker updated with New Mondi Limited Ordinary Shares on	Monday, 8 August

#### 5. Withdrawal of cautionary announcement

As the conditions precedent to the Mondi Limited Consolidation have been fulfilled, Mondi Group Shareholders are advised that they are no longer required to exercise caution when dealing in their Mondi Group shares.

Rothschild is acting as financial adviser and transaction sponsor to the Mondi Group and Rand Merchant Bank is acting as financial adviser and transaction sponsor to Mpact.

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#### Contact:

##### Mondi Group

Lora Rossler  
Group Corporate Affairs Manager  
Tel: +27 (0)31 451 2040 or +27 (0)83 627 0292  
E-mail: [lora.rossler@mondigroup.co.za](mailto:lora.rossler@mondigroup.co.za)

Kerry Crandon  
Group Communications Manager  
Tel: +27 (0)11 994 5425 or +27 (0)83 389 3738  
E-mail: [kerry.crandon@mondigroup.com](mailto:kerry.crandon@mondigroup.com)

Andrew King  
Group CFO  
Tel: +27 (0)11 994 5415  
E-mail: [andrew.king@mondigroup.com](mailto:andrew.king@mondigroup.com)

#### Editors' notes

About Mondi:

Mondi is an international paper and packaging Group, with production operations across 31 countries and revenues of €6.2 billion in 2010. The Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2010, Mondi employed 29,000 people (2010 figures include Mpact Limited).

Mondi is fully integrated across the paper and packaging process, from the growing of wood and the manufacture of pulp and paper (including recycled paper), to the conversion of packaging papers into corrugated packaging, industrial bags and coatings.

The Group is principally involved in the manufacture of packaging paper, converted packaging products and uncoated fine paper (UFP).

Mondi has a dual listed companies 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, as well as a secondary listing for Mondi plc on the JSE under the ticker code MNP. The Group has been recognised for its sustainability through its inclusion in the FTSE4Good UK, Europe and Global indices in 2008, 2009 and 2010 and the JSE's Socially Responsible Investment (SRI) Index in 2007, 2008, 2009 and 2010.

#### **Notice to Shareholders**

*This announcement does not constitute an offer to sell nor a solicitation to buy securities as such terms are defined under the US Securities Act.*

*The securities referenced herein have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or taken up, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of Mpack Shares in the United States.*

*The securities referenced herein have not been and will not be registered under the securities laws of Australia, Canada or Japan and may not be offered, sold, taken up or renounced, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws.*