

**Mondi Limited demerger of Mpack Limited**  
**Value of dividend *in specie* and base cost for UK tax resident Mondi Limited**  
**shareholders**

As a result of the demerger of Mpack Limited, Mondi Limited ordinary shareholders received one Mpack Limited share for each Mondi Limited share held.

**IMPORTANT:** The following information is intended as an illustrative example only and is based on current legislation, **it does not constitute legal or tax advice for any shareholder**. The information is meant to be relevant to individuals who are resident or ordinarily resident and domiciled in the UK for tax purposes, who are the beneficial owners of their shares and who hold their shares as investments, as well as to corporate shareholders who are within the charge to UK corporation tax. It should be read in conjunction with the more detailed information contained in Section 2 of Part III of the Mondi Limited Circular dated 31 May 2011 (the "Circular"). Mondi accepts no responsibility for the use that may be made of this information. **Any shareholder who is in any doubt as to his or her UK tax position should consult his or her own professional advisers.**

**Question: If I am a UK tax resident shareholder what is the tax consequence of receiving one Mpack Limited share for each Mondi Limited share I hold?**

As set out in more detail in the Circular, Mondi Limited shareholders who are tax resident in the UK will be subject to income tax or corporation tax (as the case may be) on the market value of the Mpack shares at the time the Mpack shares are distributed to them via a dividend *in specie*, being Monday, 18 July 2011. Note, an exemption is expected to apply for Mondi Limited shareholders who are within the charge to UK corporation tax.

There are special rules for calculating the market value of shares listed on the London Stock Exchange (by reference to the quoted prices in the Daily Official List and actual prices paid on the exchange). There are no such rules for shares listed on overseas stock exchanges such as, in this case, the Johannesburg Stock Exchange. In Mondi's view, however, the opening quoted price of the Mpack Limited shares on the Johannesburg Stock Exchange on Monday, 18 July 2011 fairly represents the market value of the Mpack Limited shares and is an appropriate figure for a person to use in calculating any tax payable. The relevant opening Mpack Limited share price (expressed in sterling) on 18 July 2011 was £1.18<sup>1</sup>.

**Question: Going forward, what will be my base cost in the Mpack shares for capital gains tax purposes?**

The market value of the Mpack shares on which you have been subject to tax (as discussed above) will be the base cost of your Mpack shares for future capital gains tax purposes.

**Simplified example**

A Mondi Limited UK tax resident individual shareholder holds 100 shares.

On 18 July 2011, the shareholder received 100 Mpack Limited shares as a distribution *in specie*.

In the individual's 2011/2012 income tax return, the individual will report the following:

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<sup>1</sup> The share price is based on the opening Mpack Limited share price of R13.20 on 18 July 2011, translated at the spot rate at 08.00am UK time on 18 July 2011 of R11.16175=£1

Net dividend income (£1.18 x 100 Mpact Limited shares)	£118.00
10% dividend tax credit	<u>£13.11</u>
Gross dividend income <sup>2</sup>	<u>£131.11</u>

Going forward, the individual's base cost in Mpact Limited will be £1.18 per share. There is no change to the base cost of the individual's Mondi Limited shares.

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<sup>2</sup> 10% of which is treated as paid in tax by virtue of the tax credit, which may satisfy an individual shareholder's liability to tax in whole or in part depending on their circumstances