23 February 2012

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 JSE Listings Requirements and/or the Disclosure and Transparency and Listing Rules of the United Kingdom Listing Authority.

Full year results for the year ended 31 December 2011

Highlights

- Record financial performance
  - underlying operating profit up 36%;
  - earnings per share – alternative measure up 57%; and
  - return on capital employed of 15%, significantly in excess of through the cycle target of 13%.
- Excellent cash generation
  - net debt down 39% to €831 million; and
  - free cash flow of 72 euro cents per share, up 72%.
- Significant contribution from Syktyvkar modernisation project
- Successful demerger of Mpact, further focusing Group strategic priorities
- Investment grade credit ratings from Standard & Poors' and Moody's Investors Service
- Proposed full year dividend of 26.0 euro cents per share, up 30%

Financial Summary

€ million, except for percentages and per share measures	**Year ended 31 December 2011**	Year ended 31 December 2010[1]	Change %
From continuing operations			
Group revenue	**5,739**	5,610	2.3
Underlying EBITDA[2]	**964**	798	20.8
Underlying operating profit[2]	**622**	458	35.8
Underlying profit before tax[2]	**512**	354	44.6
Operating profit	**568**	462	22.9
Profit before tax	**457**	333	37.2
Per share measures			
Basic earnings per share – alternative measure[3] (€ cents)	**71.8**	45.6	57.5
Basic earnings per share from continuing operations (€ cents)	**57.5**	37.8	52.1
Basic earnings per share from total operations (€ cents)	**66.1**	44.1	49.9
Total dividend per share (€ cents)	**26.0**	20.0	30
Free cash flow per share[4] (€ cents)	**72.4**	42.2	71.6
Cash generated from operations	**917**	778	17.9
Net debt	**831**	1,364	(39.1)
Group return on capital employed (ROCE)[5]	**15.0**	12.3	22.0

Notes:

1 Comparative information has been restated where appropriate to take cognisance of the discontinued operation.

2 The Group presents underlying EBITDA, operating profit and profit before tax as measures which exclude special items in order to provide a more effective comparison of the underlying financial performance between reporting periods.

3 The directors have elected to present an alternative, non-IFRS measure of earnings per share from continuing operations. As more fully set out in note 8 of the enclosed extract of the audited annual financial statements, the effects of the recapitalisation and the demerger of Mpact (formerly Mondi Packaging South Africa) and the Mondi Limited share consolidation have been adjusted to reflect the position as if the transaction had been completed at the beginning of each period presented. This will enable a useful comparison of earnings per share from continuing operations, based on the consolidated number of shares.

4 Free cash flow per share is net increase in cash and cash equivalents before changes in net debt and dividends paid divided by the net number of shares in issue at year end.

5 ROCE is underlying operating 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:

"The Group's focus on performance, low-cost operating model, and robust financial position, enabled Mondi to deliver record results in 2011. This was against a backdrop of a strong trading environment in the first half followed by a more difficult second half as macroeconomic uncertainties weighed on our markets.

Our strong cash flow generation through the cycle enables us to ensure our asset base remains appropriately invested and exploit value adding growth opportunities, whilst maintaining our investment grade credit ratings and increasing returns to shareholders. In this regard, we have approved investments in certain high return energy and de-bottlenecking projects and launched a tender offer for the non-controlling interest in Mondi Świecie. Furthermore, the directors have recommended a final dividend of 17.75 euro cents per share, bringing the total dividend to 26.0 euro cents per share for the year, an increase of 30% on the prior year.

Looking ahead, while macroeconomic risks remain, it is encouraging to note that in recent weeks order books have improved and prices have stabilised, with price increases announced in certain grades. This should allow some recovery of price declines experienced over the course of the second half of 2011, although recent strengthening of emerging market currencies is impacting margins. Supply side fundamentals in our core grades remain good following further announcements of capacity closures in the industry."

Contact details

Mondi Group

David Hathorn	+27 (0)11 994 5418
Andrew King	+27 (0)11 994 5415
Lora Rossler	+27 (0)31 451 2040 / +27 (0)83 627 0292

FTI Consulting

Richard Mountain / Sophie McMillan	+44 20 7269 7186 / +44 20 7909 684 466
Chloe Webb	+27 (0)11 214 2421

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 09:00 (UK) and 11:00 (SA).

The conference call dial-in numbers are:

South Africa	0800 200 648 (toll-free)
UK	0800 917 7042 (toll-free)
Europe & Other	00800 246 78 700 (toll-free)

An online audio cast facility will be available via: www.mondigroup.com/FYResults11.

The presentation will be available online via the above website address 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 (0)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 23 February 2012.

Editors' notes

Mondi is an international paper and packaging Group, with production operations across 28 countries and revenues of €5.7 billion in 2011. The Group's key operations are located in central Europe, Russia and South Africa and as at the end of 2011, Mondi employed 23,400 people.

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 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. The Group has been recognised for its sustainability through its inclusion in the FTSE4Good UK, Europe and Global indices since 2008 and the JSE's Socially Responsible Investment (SRI) Index since 2007.

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, plans and objectives of management for future operations, are forward-looking statements. 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 are based on numerous assumptions regarding Mondi's present and future business strategies and the environment in which Mondi will operate in the future. Among the important factors that could cause Mondi's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed under 'Principal risks and uncertainties'. These forward-looking statements speak only as of the date on which they are made. Mondi expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Mondi's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview of results

The Group's underlying operating profit of €622 million was up 36% compared to 2010. The Group benefited from a generally positive trading environment, although a noticeable slowdown in demand in the second half led to some volume and pricing pressures when compared to the strong first half of the year.

The Europe & International Division, through its Uncoated Fine Paper, Corrugated and Bags & Coatings businesses contributed €611 million to underlying operating profit and the South Africa Division €62 million. The Newsprint operating loss of €18 million was disappointing, whilst corporate costs were at similar levels to previous years.

Input costs, particularly wood, pulp and recycled fibre, increased by approximately 7% compared to the prior year. This was mainly attributed to market price increases, offset in part by currency gains and lower volumes, although some softening in key fibre input costs was seen in the second half of the year.

Net finance charges of €111 million were €5 million higher than those of the prior year reflecting the lower average net debt, more than offset by lower net foreign exchange gains and reduced capitalisation of finance charges following the completion of the Syktyvkar modernisation project.

The tax charge, before special items, for the year was €102 million (2010: €88 million), representing an effective tax rate before special items of 20% compared to 25% in 2010.

The demerger of Mpact (formerly Mondi Packaging South Africa) and related consolidation of Mondi Limited shares was concluded during August 2011. Comparative figures in the income statement have been restated to reflect Mpact as a discontinued operation. The details of the transaction are more fully described in note 6 of the enclosed extract of the audited annual financial statements. Consequently, to reflect the continuing business of Mondi, the Group has elected to present an alternative, non-IFRS measure of earnings per share as if the recapitalisation and demerger of Mpact and Mondi Limited share consolidation had taken place at the beginning of each period presented. Basic earnings per share – alternative measure was 71.8 cents, an increase of 57% on the prior year.

In line with the increased turnover, working capital increased during the year with a net cash outflow of €68 million. The decrease in demand and selling prices, coupled with a focus on active inventory management in certain grades in light of the lower demand towards the end of 2011, resulted in some reduction of year end working capital levels compared to average levels during the year. The net working capital to turnover ratio was 10% at the year end, the bottom of our targeted range of 10-12%.

Capital expenditure of €263 million was €131 million lower than the prior year, reflecting the reduction in spend following completion of the major capital investment in Russia. Excluding major expansionary capital investments, the capital expenditure to depreciation ratio was 63%, unchanged from 2010.

Strong cash generation and the proceeds from the demerger of Mpact led to a reduction in net debt to €831 million at year end, from €1,364 million at 31 December 2010.

The Group is proposing to pay a final dividend of 17.75 euro cents per share giving a total dividend of 26.0 euro cents for the year, an increase of 30% compared to 2010.

Europe & International - Uncoated Fine Paper (UFP) business

€ million	**Year ended 31 December 2011**	Year ended 31 December 2010	Change %
Segment revenue	**1,429**	1,516	(5.7)
– of which inter-segment revenue	**20**	129	
EBITDA	**309**	279	10.8
Underlying operating profit	**205**	179	14.5

Special items	**2**	5
Capital expenditure	**61**	151
Net segment assets	**1,283**	1,512
ROCE	**16.7%**	16.9%

Underlying operating profit increased by €26 million to €205 million. The Syktyvkar mill delivered a very strong result, benefiting from the first full year contribution from the mill modernisation investment completed in the second half of 2010. Together with a solid performance from the Ružomberok and Neusiedler mills, this more than offset the lost contribution from the sale at the end of 2010 of Mondi's controlling interest in Mondi Hadera.

The ROCE of 16.7%, marginally down on the previous year, reflects the positive trading environment, low cost base and strong operating performance as well as the contribution from the Syktyvkar modernisation.

Average benchmark UFP prices were approximately 7% higher than in 2010, although they closed the year at similar levels to December 2010, reflecting some selling price pressure towards the end of the year. Product mix improvements also contributed to improved profitability. Sales volumes, excluding the contribution of Mondi Hadera in 2010, were largely flat. Sales into emerging Europe increased during the year to approximately 43% of total sales volumes.

Input costs increased versus the prior year. Wood costs were up on average in excess of 10%, although benchmark hardwood pulp costs were down around 4% per tonne on average. The Syktyvkar modernisation had the effect of reducing overall fibre input costs, as increased pulp self-sufficiency meant that higher wood usage was more than offset by the reduction in purchased pulp costs. Gas and electricity costs increased in both Syktyvkar and Ružomberok.

Productivity, measured in terms of output per person, improved by approximately 12% during the year, with annual production records in both Syktyvkar and Ružomberok.

The Syktyvkar modernisation project generated a return on capital employed in excess of 10% through increased volumes, energy sales and lower consumption of purchased pulp, with further benefits expected in 2012 as full ramp up is achieved. The business continues to focus on further optimisation with particular emphasis on energy, procurement and operating efficiencies. In addition, initiatives to improve forestry operations will be implemented over the next two years, with an expected increase in underlying operating profit in excess of €15 million per year.

Capital expenditure for the year was €61 million, of which €24 million related to the Syktyvkar modernisation project.

Europe & International - Corrugated business

€ million	**Year ended 31 December 2011**	Year ended 31 December 2010	Change %
Segment revenue	**1,384**	1,235	12.1
– of which inter-segment revenue	**64**	59	
EBITDA	**251**	187	34.2
Underlying operating profit	**178**	119	49.6
Special items	**3**	(15)	
Capital expenditure	**44**	87	
Net segment assets	**967**	898	
ROCE	**18.5%**	14.9%	

The substantial improvement in the underlying profit of the Corrugated business in 2010 continued in 2011, reflecting the benefit of the improved trading conditions, recent capital investments and restructuring and cost reduction initiatives undertaken over the last few years. Underlying operating profit increased by 50% to €178 million. The profitability of the business and well invested capital base is reflected in the ROCE of 18.5%, improving from 14.9% in 2010.

The Syktyvkar containerboard machine rebuild, completed as part of the Syktyvkar modernisation programme, made a strong contribution, while the Świecie mill delivered a further significant improvement in performance.

Total containerboard sales volumes increased by 3% compared to 2010, with kraftliner and recycled containerboard volumes remaining largely unchanged whilst white top kraftliner volumes increased by 14%. Demand slowed in the second half of the year, necessitating some commercial downtime in the fourth quarter. The order book has improved during the first weeks of 2012 although demand for white top containerboard still remains subdued.

Average benchmark kraftliner prices increased by 14%, recycled containerboard prices by 20% and white top containerboard prices by 14% compared to 2010 levels. However, closing prices were down by 11% for kraftliner from 31 December 2010 and closing benchmark prices of all containerboard products were well below the highs achieved during the year. Price increases were announced in January 2012. The actual price increases achieved will be subject to individual negotiations with customers, and will take effect towards the end of the first quarter of 2012.

Box price increases more than offset the increased paper prices, leading to margin expansion and a significant increase in underlying operating profit, albeit off a low base.

Costs of recovered fibre and wood increased significantly during the year, with average benchmark recovered fibre prices increasing by 28%. Some relief was experienced in the second half of the year with recovered fibre prices dropping sharply off their highs. Wood costs increased in excess of 10% during the year. Fixed cost increases were largely inflation driven.

Productivity, measured by output per person, improved by 10% compared to the prior year. Capital expenditure of €44 million was incurred during the year.

Europe & International - Bags & Coatings business

€ million	**Year ended 31 December 2011**	Year ended 31 December 2010	Change %
Segment revenue	**2,478**	2,226	11.3
– of which inter-segment revenue	**46**	39	
EBITDA	**327**	238	37.4
Underlying operating profit	**228**	133	71.4
Special items	**(27)**	28	
Capital expenditure	**110**	92	
Net segment assets	**1,279**	1,333	
ROCE	**19.0%**	11.8%	

The ROCE of the Bags & Coatings business of 19.0%, compared to 11.8% in 2010, reflects the very positive trading environment, particularly in the first half of the year.

A 71% increase in underlying operating profit to €228 million was largely due to significant selling price increases in kraft paper (approximately 20% increase in year-on-year average prices) and strong sales volumes during the first half of the year. Weaker end user demand and destocking in the value chain led to the kraft paper business taking significant downtime to manage inventory levels in the second half of the year. While weakness in end user demand in Europe was evident from early in the second half, export demand remained strong throughout the period, weakening only in the fourth quarter. Exports comprise approximately 55% of total kraft paper sales. Limited further downtime is anticipated during the first quarter of 2012 as the outlook is improving with evidence of an end to the destocking process. However, sales prices in the first quarter are down compared to average prices in the fourth quarter of 2011.

Increases in wood costs, currency headwinds and the detrimental impact of the commercial downtime taken negatively impacted the overall cost base.

Operating performance in all kraft paper mills was excellent, although downtime in the second half of the year impacted productivity. The total commercial downtime, the majority of which was taken towards the end of the third quarter and during the fourth quarter of 2011, amounted to approximately 10% of annual production capacity.

In the downstream industrial bags business, selling price increases more than offset increased paper input costs. Together with the benefits of integrating the Smurfit Kappa bag plants acquired in 2010, this gave rise to a significant improvement in underlying operating profit. Weaker end user demand impacted sales volumes in the second half of the year resulting in a small decline in total sales volumes for the year. The restructuring, following the acquisition in 2010 of the Smurfit Kappa bag plants in Spain, France, Italy and Poland (acquired in January 2011), has been largely completed.

The coatings and consumer packaging business continued to perform well, with underlying operating profit at similar levels to the previous year. Some margin pressure was experienced, with growth constrained by the macroeconomic environment, although variable cost increases were largely passed on to customers. Following some internal restructuring and renewed focus on higher growth and value adding products, the extrusion coating segment delivered a pleasing improvement in performance while the consumer packaging segment remained stable. The release liner segment was negatively impacted in the second half by the costs of starting up new production lines, the benefits of which are expected to be realised in 2012. The sale of Unterland, a flexible packaging business, was completed in October 2011.

South Africa Division

€ million	**Year ended 31 December 2011**	Year ended 31 December 2010	Change %
Segment revenue	**569**	580	(1.9)
– of which inter-segment revenue	**155**	211	
EBITDA	**114**	117	(2.6)
Underlying operating profit	**62**	64	(3.1)
Special items	**-**	(10)	
Capital expenditure	**27**	28	
Net segment assets	**828**	953	
ROCE	**8.9%**	8.4%	

Underlying operating profit of €62 million was marginally down on the previous year. The ROCE of 8.9% reflects a continuing improvement, but remains short of targeted levels.

Average benchmark pulp prices declined by 4% year-on-year. While pricing held up well in the first half, the second half saw a significant decline in prices, such that the benchmark closing price for BEKP pulp was down around 23% on the level at the end of 2010. Average benchmark white top containerboard prices increased by approximately 14% year-on-year, but weaker demand towards the end of the year resulted in some commercial downtime and a somewhat weaker pricing environment. Input costs increased, mainly as a result of increased wood, energy and chemical costs.

Despite the weaker trading environment, management actions have ensured that underlying operating profit remained largely unchanged. The business benefited from the mothballing of the 120,000 tonne per annum UFP machine in Merebank and the related restructuring programme which delivered both substantial cost savings and improved margins arising from an increased focus on the domestic market. The integrated pulp and paper operation at Richards Bay achieved record saleable production in excess of 750,000 tonnes in the calendar year.

The business continues to focus on operational efficiencies and improvement opportunities with strong emphasis on energy efficiency and self generating capacity.

Newsprint

€ million	**Year ended 31 December 2011**	Year ended 31 December 2010
Segment revenue	**164**	492
– of which inter-segment revenue	**-**	1
EBITDA	**(5)**	10
Underlying operating loss	**(18)**	(4)
Special items	**(33)**	(29)
Capital expenditure	**4**	7
Net segment assets	**59**	106
ROCE	**(19.2)%**	(2.8)%

Note:
Europapier business included in 2010 information until the date of disposal of 4 November 2010.

The returns of the Newsprint businesses were extremely disappointing with the segment recording an underlying operating loss of €18 million in the period.

Selling price increases were insufficient to restore the Aylesford Newsprint joint venture to profitability. In addition, the business incurred further non-recurring waste disposal costs in the second half. The poor operating performance and outlook for this business necessitated an impairment of the underlying assets with the Group's attributable share being €33 million. Restructuring activities have been announced with further cost containment initiatives to be implemented during 2012 as a result of ongoing pricing pressure in European newsprint.

The Mondi Shanduka Newsprint joint venture in South Africa was negatively impacted by currency translation effects and rising electricity costs. The business has however concluded renewed contracts with its major domestic customers at prices which will offset input cost increases over the coming year and restore a reasonable level of profitability.

Financial review

Special items

Special items for the year include the following:

- Impairment of Aylesford Newsprint joint venture assets;
- Restructuring activities and impairment of certain assets in the Bags & Coatings business;
- Loss on disposal of the Unterland flexible packaging business; and
- Various other smaller adjustments relating to the finalisation of transactions from prior years.

Further detail is provided in note 4 of the enclosed extract of the audited annual financial statements.

Input costs

Wood, recovered fibre and pulp comprise approximately one third of the input costs of the Group. Wood prices increased by approximately 10% over the year. Average benchmark prices for recovered fibre increased by 28% when compared to the average price for 2010, although the benchmark price at the end of 2011 was 12% lower than that at 31 December 2010. Average prices for hardwood pulp and softwood pulp were largely unchanged through the year although this masks significant price fluctuations experienced during the year. At year end, prices were respectively 24% and 11% below the levels seen at 31 December 2010. As the Group is largely balanced in respect of pulp production and consumption, pulp prices do not have a significant impact on the Group as a whole, but do impact the performance of individual business units.

Energy and chemical costs increased across the business, with particular pressure on electricity prices in South Africa, which continued to increase at well above inflationary levels. Various initiatives to reduce dependence on purchased energy and utilise energy more efficiently are being pursued both in South Africa and at the Group's European operations.

Currencies
The impact of exchange rates was relatively muted in 2011. The first half of the year was characterised by strengthening emerging market currencies which, coupled with relatively high levels of inflation in these jurisdictions, increased the underlying cost base of operations in those countries. This trend was largely reversed in the second half with higher levels of volatility and, on average, weakening of the emerging market currencies against the euro. Most currencies ended the year weaker against the euro than 31 December 2010 levels and weaker than the average rate applicable during the year, although there has been some strengthening of these currencies during the first weeks of 2012.

Tax
The effective tax rate before special items was 20%, compared to 25% in 2010. The main reasons for the reduction in the tax rate include the improved profitability enabling the use of previously unrecognised tax losses; increased profitability in regions with lower statutory tax rates; and the benefits of tax incentives granted in certain countries in which the Group operates, notably those related to the major Polish and Russian projects.

Non-controlling interests
The income attributable to non-controlling interests increased during the year to €70 million, reflecting mainly the increased profit contribution from 66% owned Mondi Świecie SA.

Cash flow
EBITDA from continuing operations of €964 million was €166 million higher than in 2010. The Group generated €917 million of cash from operations (2010: €778 million), notwithstanding the €68 million increase in working capital on the back of increased revenues (2010: €129 million). The cash generated has been applied to invest in the Group's asset base and provide increased dividends to shareholders with the balance being utilised to reduce net debt.

Capital Investment programme
Excluding major expansionary investments, the Group has targeted to maintain its capital expenditure at between 60% and 80% of its depreciation charge. Including the approved strategic projects mentioned below, over the next three years, it is anticipated that total capital expenditure will approximate the Group's depreciation charge.

The Group has approved certain energy related investments across a number of its operations. These include:

- A bark boiler in Syktyvkar;
- A steam turbine and recovery boiler economiser in Stambolijski;
- A new recovery boiler in Frantschach; and
- A steam turbine in Richard's Bay.

The focus of these and other projects still under consideration is to improve energy efficiency and self-sufficiency whilst providing opportunities to capture additional benefits in the form of electricity sales. In addition, a de-bottlenecking project has been approved to invest in a 100,000 tonne per annum pulp dryer in Syktyvkar to further exploit the benefits of the recently completed mill modernisation programme.

The approved projects, totalling approximately €170 million in capital expenditure, are expected to generate significant benefits with returns in excess of 40%, from 2013 onwards.

A number of other similar projects are under consideration at several of the Group's operations. If approved, these projects are expected to be completed over the next three to four years, with a total estimated capital expenditure of about €250 million.

Subsequent events
In February 2011, Mondi Świecie announced its intention to exercise an option to acquire the power and heat generating plant which supplies Mondi Świecie with the majority of its electricity requirements and all its heat and steam needs. The option was subject to certain conditions precedent, being a ruling from the Arbitration Court of the National Chamber of Commerce in Poland, consent of the financing banks of the power and heat generating plant and receipt of approval from the competition authorities. On 10 February 2012, the Arbitration Court ruled in favour of Mondi Świecie, fulfilling the first of these conditions. Competition approval has been received and application has been made to the financing banks for approval. Based on the option price, the implied enterprise value of the business is around €90 million. The outcome and timing of any potential acquisition remains uncertain.

On 16 February 2012, Mondi made an all cash offer of PLN69.00 (€16.48) per share for the 34% of Mondi Świecie S.A. shares that it does not already own. Mondi Świecie is listed on the Warsaw Stock Exchange. The maximum consideration, should all outstanding shares be acquired, is PLN1.2 billion (€280 million).

Treasury and borrowings

Net debt at the end of the year was €831 million, a €533 million reduction from the prior year end. The demerger of Mpact accounted for €172 million of this reduction whilst the balance was a result of the strong operating cash flows and the reduction in capital expenditure together with a positive currency impact of €68 million. Gearing reduced to 21.5% at the end of 2011, down from 29.7% at the end of 2010 and the net debt to 12 month trailing EBITDA ratio improved from 1.55 to 0.83 over the year.

The Group's public credit ratings, first issued in March 2010, improved as a result of the strong financial performance. Standard and Poor's upgraded the Group's long-term rating to investment grade from BB+ to BBB- in October whilst Moody's Investors Service put their Baa3 investment grade rating on positive outlook for upgrade.

The Group actively manages its liquidity risk by ensuring it maintains diversified sources of funding and debt maturities. During the year the Euro Medium Term Note programme under which the €500 million, seven year bond was issued in March 2010 was renewed allowing continued access to debt capital markets. The Group's €1.5 billion bank facility that was due to mature in June 2012 was refinanced early with a new five year, €750 million revolving credit facility. Further diversification of funding sources was achieved with the signing of a €100 million ten year facility with the European Investment Bank (EIB) and a €40 million 11 year facility from the European Bank for Reconstruction and Development (EBRD).

At the end of the year the Group's committed debt facilities amounted to €1.8 billion with €889 million undrawn, which together with cash of €191 million provides significant liquidity to meet short-term funding requirements. Drawn committed facilities maturing in 2012 amount to €251 million. To the extent they are not renewed, they can be financed out of existing cash and undrawn committed facilities.

Following the refinancing of the Group's principal bank facility and the new long-term facilities from the EIB and EBRD the weighted average maturity of the Eurobond and committed debt facilities increased to 4.3 years as at 31 December 2011 compared to 2.6 years a year earlier.

Sustained delivery on Group strategy

Mondi's strategic positioning continues to demonstrate the required combination of focus and flexibility to deliver results across the business cycle as we:

- build on leading positions in packaging and UFP, particularly in high-growth emerging markets;
- maintain our low-cost, high-quality asset base by selectively investing in production capacity in lower-cost regions and realising benefits from upstream integration (including forestry); and
- focus on performance through continuous productivity improvement and cost reduction, delivered through business excellence programmes and rigorous asset management.

Leading market positions

Mondi continues to focus on achieving the right product and geographic mix in order to promote sustained profitability. The Group benefits from our exposure to faster growing emerging markets such as eastern Europe, Russia and South Africa, with 71% of the Group's net operating assets and 50% of revenue by destination in these geographical areas. While our strategy clearly focuses on emerging markets, Mondi continues to enjoy a uniquely strong market position in the Bags & Coatings segment in both eastern and western Europe, where the coatings & consumer packaging segment enjoys attractive growth rates and returns.

High-quality, low-cost asset base

Both Mondi's recent major capital investments, the modernisation of the Syktyvkar mill in Russia and the new lightweight recycled containerboard paper machine at Świecie in Poland, are running well and contributed significantly to the Group's profitability in 2011. Over the past 10 years, Mondi has invested more than €4.5 billion in its high-quality, low-cost asset base and our appropriately invested operations are delivering superior returns across the cycle.

Mondi's UFP business is reaping the rewards of its integrated low-cost positioning while the restructured Corrugated business delivered strong results. The Bags & Coatings business enjoys good, and in many cases leading, market shares in its key markets and benefited from the very strong market recovery in the first half of 2011.

Focus on performance

Our relentless focus on cost containment ensured that the Group's fixed cost increases remained within inflation in the countries we operate in. Ongoing initiatives are directed towards ensuring efficient procurement of our most critical raw materials and operational efficiency.

The ROCE of 15%, despite the challenging market conditions in the second half of the year, was significantly in excess of the 13% targeted across the cycle.

Overall, 2011 has been an extremely successful year from an operational perspective, with significant improvements in production efficiencies across the business and full year production records being set in a number of key operations.

Principal risks and uncertainties

It is in the nature of Mondi's business that the Group is exposed to risks and uncertainties which may have an impact on future performance and financial results, as well as on its ability to meet certain social and environmental objectives.

On an annual basis, the DLC executive committee and Boards conduct a formal systematic review of the most significant risks and uncertainties and the Group's responses to those risks. These risks are assessed against pre-determined risk tolerance limits, established by the Boards. Additional risk reviews are undertaken on an ad-hoc basis for significant investment decisions and when changing business conditions dictate.

The Group believes that it has effective systems and controls in place to manage the key risks identified below within the risk tolerance levels established by the Boards.

- *Mondi operates in a highly competitive environment*
  The markets for paper and packaging products are highly competitive. Prices of Mondi's key products have experienced substantial fluctuations in the past. Furthermore, product substitution and declining demand in certain markets, coupled with new capacity being introduced may have an impact on market prices. A downturn in trading conditions in the future may have an impact on the carrying value of goodwill and tangible assets and may result in further restructuring activities.

  Mondi is flexible and responsive to changing market and operating conditions and the Group's geographical and product diversification provide some measure of protection.

- *Cost and availability of a sustainable supply of fibre*
  Fibre (wood, pulp, recovered paper) is Mondi's most important raw material, comprising approximately one-third of total input costs. Increases in the costs of any of these raw materials, or any difficulties in procuring a sustainable supply of wood, pulp or recovered paper in certain countries, could have an adverse effect on Mondi's business, operational performance or financial position.

  The Group's focus on operational performance, relatively high levels of integration and access to its own FSC™ certified virgin fibre in Russia and South Africa, serve to mitigate these risks. It is the Group's objective to acquire fibre (wood and pulp) from sustainable sources with internationally credible certification and to avoid any illegal or controversial supply.

- *Foreign currency exposure and exchange rate volatility*
  The location of a number of the Group's significant operations in a range of different countries results in foreign currency exposure. Adverse currency movements and high degrees of volatility may impact on the financial performance and position of the Group. The most significant currency exposures are to the South African rand, Russian rouble, Czech koruna, Polish zloty, Swedish krona and Turkish lira.

  The Group's policy is to hedge balance sheet exposures against short-term currency volatility. Furthermore, the Group's geographic diversification provides some level of protection.

- *Investments in certain countries may be adversely affected by political, economic and legal developments in those countries*
  The Group operates in a number of countries with differing political, economic and legal systems. In some countries, such systems are less predictable than in countries with more developed institutional structures. The current macroeconomic uncertainties in the Eurozone have heightened the political and economic risks in this region. Significant changes in the political, economic or legal landscape of any country in which the Group is invested may have a material effect on the Group's operations in that country.

  The Group has invested in a number of countries thereby diversifying its exposure to any single jurisdiction. The Group's diversified management structure ensures that business managers are able to closely monitor and adapt to changes in the environment in which they operate. The Group continues to actively monitor its exposure to the Eurozone environment.

- *Employee attraction, retention and safety*
  The complexity of operations and geographic diversity of the Group demands high quality, experienced employees in all operations.

  Appropriate reward and retention strategies are in place to attract and retain talent at all levels of the organisation. Mondi has a policy of working towards zero-harm. Incidents are fully investigated, remedial actions taken and early warning indicators used to direct preventative work. Mondi adopts internationally recognised safety and health management systems across all its operations.

- *Capital intensive operations*
  Mondi operates large facilities, often in remote locations. The on-going safety and sustainable operation of such sites is critical to the success of the Group.

  Mondi's management system ensures on-going monitoring of all operations to ensure they meet the requisite standards and performance requirements. A structured maintenance programme is in place under the auspices of the Group technical director. Emergency preparedness and response procedures are in place and subject to periodic drills. Mondi has adequate insurance in place to cover material property damage, business interruption and liability risks.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition, the notes to the integrated report and financial statements 2011 will include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risk.

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 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 10 of the enclosed extract of the audited annual 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 €889 million of undrawn committed debt facilities as at 31 December 2011 which should provide sufficient liquidity in the medium term.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, including an assessment of the current macroeconomic environment, particularly in Europe, 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 2012 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 have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 strong financial performance, good cash generation and the Boards' stated desire to increase distributions to shareholders, the Boards are pleased to recommend a significant increase in the full year dividend.

The boards of Mondi Limited and Mondi plc have recommended a final dividend of 17.75 euro cents per share (2010: 16.5 euro cents per share), payable on 10 May 2012 to shareholders on the register at 13 April 2012. Together with the interim dividend of 8.25 euro cents per share, paid on 13 September 2011, this amounts to a total dividend for the year of 26.0 euro cents per share. In 2010, the total dividend for the year was 20.0 euro cents per share. Both the interim and final dividends are based on the consolidated number of Mondi Limited shares following completion of the share consolidation in August 2011.

Outlook

Looking ahead, while macroeconomic risks remain, it is encouraging to note that in recent weeks order books have improved and prices have stabilised, with price increases announced in certain grades. This should allow some recovery of price declines experienced over the course of the second half of 2011, although recent strengthening of emerging market currencies is impacting margins.

Supply side fundamentals in our core grades remain good following further announcements of capacity closures in the industry. Mondi's integrated low-cost operations, emerging markets exposure and unrelenting focus on sustainable performance ensure that the Group remains well positioned to continue generating strong cash flow through the cycle and adding value for shareholders over the longer term.

Directors' responsibility statement

These financial statements have been prepared under supervision of the Group Chief Financial Officer, Andrew King CA (SA), as required by Section 29(1)(e)(ii) of the Companies Act of South Africa 2008.

The responsibilty statement below has been prepared in connection with the Group's annual report for the year ended 31 December 2011. Certain parts thereof are not included within this announcement.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit and loss of Mondi Limited, Mondi plc and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair view of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

David Hathorn
Director

22 February 2012

Andrew King
Director

22 February 2012

Audited financial information

Combined and consolidated income statement
for the year ended 31 December 2011

€ million	Notes	2011 Before special items	Special items (note 4)	After special items	(Restated) 2010 Before special items	Special items (note 4)	After special items
Continuing operations							
Group revenue	3	**5,739**	**-**	**5,739**	5,610	-	5,610
Materials, energy and consumables used		(2,998)	-	(2,998)	(3,006)	-	(3,006)
Variable selling expenses		(511)	-	(511)	(494)	-	(494)
Gross margin		**2,230**	**-**	**2,230**	2,110	-	2,110
Maintenance and other indirect expenses		(272)	-	(272)	(272)	-	(272)
Personnel costs		(808)	(4)	(812)	(829)	(23)	(852)
Other net operating expenses		(186)	(2)	(188)	(211)	50	(161)
Depreciation, amortisation and impairments		(342)	(48)	(390)	(340)	(23)	(363)
Operating profit/(loss)	3	**622**	**(54)**	**568**	458	4	462
Non-operating special items	4	-	(1)	(1)	-	(25)	(25)
Net income from associates		1	-	1	2	-	2
Total profit/(loss) from operations and associates		**623**	**(55)**	**568**	460	(21)	439
Net finance costs		**(111)**	**-**	**(111)**	(106)	-	(106)

	Note						
Investment income		30	-	30	31	-	31
Foreign currency gains		-	-	-	7	-	7
Finance costs		(141)	-	(141)	(144)	-	(144)
Profit/(loss) before tax		**512**	**(55)**	**457**	354	(21)	333
Tax (charge)/credit	5	(102)	2	(100)	(88)	6	(82)
Profit/(loss) from continuing operations		**410**	**(53)**	**357**	266	(15)	251
Discontinued operation				**43**			34
Profit from discontinued operation	6			14			34
Net gain on distribution of discontinued operation	6			29			-
Profit for the financial year				**400**			285
Attributable to:							
Non-controlling interests				**70**			61
Equity holders of the parent companies				**330**			224
Earnings per share (EPS) for profit/(loss) attributable to equity holders of the parent companies							
From continuing operations							
Basic EPS (€ cents)	7			**57.5**			37.8
Diluted EPS (€ cents)	7			**56.8**			37.4
Basic underlying EPS (€ cents)	7			**68.1**			40.6
Diluted underlying EPS (€ cents)	7			**67.3**			40.1
From continuing and discontinued operations							
Basic EPS (€ cents)	7			**66.1**			44.1
Diluted EPS (€ cents)	7			**65.3**			43.6
Basic headline EPS (€ cents)	7			**69.9**			47.0
Diluted headline EPS (€ cents)	7			**69.1**			46.5

Combined and consolidated statement of comprehensive income

for the year ended 31 December 2011

€ million	**2011**	2010
Profit for the financial year	**400**	285
Other comprehensive income:		
Effect of cash flow hedges	12	11
Actuarial losses on post-retirement benefit schemes	(18)	(15)
Surplus restriction on post-retirement benefit schemes	(3)	(3)
Exchange differences on translation of foreign operations	(196)	193
Share of other comprehensive income of associates	(1)	1
Tax relating to components of other comprehensive income	-	4
Other comprehensive income for the financial year, net of tax	**(206)**	191
Total comprehensive income for the financial year	**194**	476
Attributable to:		
Non-controlling interests	**43**	75
Equity holders of the parent companies	**151**	401

Combined and consolidated statement of financial position

as at 31 December 2011

€ million	Notes	**2011**	2010
Intangible assets		238	312
Property, plant and equipment		3,377	3,976
Forestry assets		297	320
Investments in associates		10	16
Financial asset investments		33	34
Deferred tax assets		5	21
Retirement benefits surplus		8	11
Derivative financial instruments		3	3
Total non-current assets		**3,971**	4,693
Inventories		637	702
Trade and other receivables		829	992
Current tax assets		6	11
Financial asset investments		1	-
Cash and cash equivalents		191	83
Derivative financial instruments		10	11
Assets held for sale		-	1
Total current assets		**1,674**	1,800
Total assets		**5,645**	6,493

Short-term borrowings	10	(286)	(410)
Trade and other payables		(891)	(1,034)
Current tax liabilities		(78)	(78)
Provisions		(43)	(64)
Derivative financial instruments		(8)	(9)
Total current liabilities		**(1,306)**	(1,595)
Medium and long-term borrowings	10	(737)	(1,037)
Retirement benefits obligation		(202)	(211)
Deferred tax liabilities		(310)	(349)
Provisions		(35)	(39)
Derivative financial instruments		-	(15)
Other non-current liabilities		(20)	(23)
Total non-current liabilities		**(1,304)**	(1,674)
Total liabilities		**(2,610)**	(3,269)
Net assets		**3,035**	3,224
Equity			
Ordinary share capital and stated capital	11	542	646
Retained earnings and other reserves		2,044	2,117
Total attributable to equity holders of the parent companies		**2,586**	2,763
Non-controlling interests in equity		449	461
Total equity		**3,035**	3,224

The Group's combined and consolidated financial statements, and related notes, were approved by the Boards and authorised for issue on 22 February 2012 and were signed on its behalf by:

David Hathorn
Director

Andrew King
Director

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

Combined and consolidated statement of cash flows

for the year ended 31 December 2011

€ million	Notes	**2011**	2010
Cash generated from operations	12a	917	778
Dividends from associates		2	2
Dividends from other investments		-	1
Income tax paid		(85)	(47)
Net cash generated from operating activities		**834**	734
Cash flows from investing activities			
Investment in property, plant and equipment	3	(263)	(394)
Investment in intangible assets		(5)	(4)
Proceeds from the disposal of property, plant and equipment and intangible assets		9	14
Investment in forestry assets		(42)	(46)
Investment in financial asset investments		(13)	(11)
Proceeds from the sale of financial asset investments		8	3
Acquisition of subsidiaries, net of cash and cash equivalents		(12)	-
Acquisition of associates, net of cash and cash equivalents		(2)	(2)
Proceeds from the disposal of subsidiaries, net of cash and cash equivalents		17	100
Disposal of discontinued operation's cash and cash equivalents	6	(38)	-
Loan (advances to)/repayments from related parties		-	1
Loan repayments from external parties		(1)	2
Interest received		9	10
Other investing activities		2	(2)
Net cash used in investing activities		**(331)**	(329)

Cash flows from financing activities			
Repayment of short-term borrowings	12c	(135)	(51)
Proceeds from medium and long-term borrowings	12c	123	717
Repayment of medium and long-term borrowings	12c	(127)	(831)
Interest paid		(106)	(117)
Dividends paid to non-controlling interests		(43)	(18)
Dividends paid to equity holders of the parent companies		(126)	(54)
Purchases of treasury shares		(12)	(2)
Non-controlling interests bought out		(1)	(5)
Net realised gain/(loss) on cash and asset management swaps		9	(48)
Other financing activities		(1)	-
Net cash used in financing activities		**(419)**	(409)
Net increase/(decrease) in cash and cash equivalents		**84**	(4)
Cash and cash equivalents at beginning of year[1]		24	37
Cash movement in the year	12c	84	(4)
Effects of changes in foreign exchange rates	12c	9	(9)
Cash and cash equivalents at end of year[1]		**117**	24

Note:
[1] 'Cash and cash equivalents' includes overdrafts and cash flows from disposal groups and is reconciled to the combined and consolidated statement of financial position in note 12b.

Combined and consolidated statement of changes in equity

for the year ended 31 December 2011

€ million	Combined share capital and stated capital[1]	Retained earnings	Other reserves[2]	**Total attributable to equity holders of the parent companies**	Non-controlling interests	**Total equity**
At 1 January 2010	646	1,743	10	**2,399**	425	**2,824**
Dividends paid	-	(54)	-	**(54)**	(18)	**(72)**
Total comprehensive income for the year	-	224	177	**401**	75	**476**
Issue of shares under employee share schemes	-	5	(5)	**-**	-	**-**
Purchases of treasury shares (see note 11)	-	(2)	-	**(2)**	-	**(2)**
Disposal of businesses	-	-	12	**12**	(18)	**(6)**
Non-controlling interests bought out	-	(1)	-	**(1)**	(3)	**(4)**
Reclassification	-	1	(1)	**-**	-	**-**
Other	-	-	8	**8**	-	**8**
At 31 December 2010	646	1,916	201	**2,763**	461	**3,224**
Dividends paid	-	(126)	-	**(126)**	(43)	**(169)**
Effect of dividend in specie distributed (see note 6)	(104)	(101)	-	**(205)**	-	**(205)**
Total comprehensive income for the year	-	330	(179)	**151**	43	**194**
Issue of shares under employee share schemes	-	12	(12)	**-**	-	**-**
Purchases of treasury shares (see note 11)	-	(12)	-	**(12)**	-	**(12)**
Disposal of treasury shares	-	4	-	**4**	-	**4**
Disposal of discontinued operation (see note 6)	-	-	(5)	**(5)**	(6)	**(11)**
Disposal of businesses	-	-	(1)	**(1)**	-	**(1)**
Non-controlling interests bought out	-	5	-	**5**	(6)	**(1)**

Reclassification	-	13	(13)	**-**	-	**-**
Other	-	-	12	**12**	-	**12**
At 31 December 2011	**542**	**2,041**	**3**	**2,586**	**449**	**3,035**

Notes:
[1] In August 2011, Mondi Limited's par value shares were converted by special resolution to shares with no par value. As a result Mondi Limited's share capital and share premium were combined into a stated capital account. The share consolidation described in notes 7 and 11 had no impact on the stated capital and share capital of Mondi Limited and Mondi plc respectively.
[2] Other reserves are analysed further below.

	Other reserves[1]					
€ million	Share-based payment reserve	Cumulative translation adjustment reserve	Cash flow hedge reserve	Post-retirement benefit reserve	Statutory reserves[2]	Total
At 1 January 2010	13	(222)	(19)	(28)	266	10
Total comprehensive income for the year	-	180	9	(12)	-	177
Mondi share schemes' charge	8	-	-	-	-	8
Issue of shares under employee share schemes	(5)	-	-	-	-	(5)
Disposal of businesses	-	12	-	-	-	12
Reclassification	1	(1)	-	-	(1)	(1)
At 31 December 2010	17	(31)	(10)	(40)	265	201
Total comprehensive income for the year	-	(171)	8	(16)	-	(179)
Mondi share schemes' charge	12	-	-	-	-	12
Issue of shares under employee share schemes	(12)	-	-	-	-	(12)
Disposal of discontinued operation (see note 6)	-	(5)	-	-	-	(5)
Disposal of businesses	-	(1)	-	-	-	(1)
Reclassification	-	-	-	-	(13)	(13)
At 31 December 2011	**17**	**(208)**	**(2)**	**(56)**	**252**	**3**

Notes:
[1] All movements in other reserves are disclosed net of non-controlling interests. The movement in non-controlling interests as a direct result of the movement in other reserves for the year ended 31 December 2011 was a decrease in non-controlling interests related to total comprehensive income for the year of €27 million (2010: increase of €14 million).
[2] Statutory reserves consist of the merger reserve of €259 million (2010: €259 million) and other sundry reserves in deficit of €7 million (2010: surplus of €6 million).

Notes to the combined and consolidated financial statements

for the year ended 31 December 2011

1 Basis of preparation

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 condensed combined and consolidated financial information included in this preliminary announcement has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and contains the information required by IAS 34, 'Interim Financial Reporting'. The Group has also complied with South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice. 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 combined and consolidated financial statements have been prepared on a going concern basis as discussed in the business review, under the heading 'Going concern'.

Comparative information has been restated where appropriate to reflect the discontinued operation of Mpact (formerly Mondi Packaging South Africa) as described in note 6.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 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 are available for inspection at the Mondi Limited and Mondi plc registered offices.

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the combined and consolidated financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

3 Operating segments

Identification of the Group's externally reportable operating segments

The Group's externally reportable segments reflect the internal reporting structure of the Group, which is the basis on which resource allocation decisions are made by management in the pursuit of strategic objectives. The Group operates under two primary geographic regions reflecting its South African activities and assets, and its international, principally European, activities and assets. The broad European region is further split by product segments reflecting the management of the Group. In addition the Group manages the Newsprint businesses separately and therefore these have been presented as a separate segment.

3 Operating segments (continued)

Product revenues

The material product types from which the Group's externally reportable segments derive both their internal and external revenues are presented as follows:

Operating segments	Internal revenues[1]	External revenues
Europe & International		
Uncoated Fine Paper	- Uncoated fine paper	- Uncoated fine paper
	- Pulp	- Pulp
	- Newsprint	- Newsprint
Corrugated	- Corrugated products	- Corrugated products
Bags & Coatings	- Kraft paper & industrial bags	- Kraft paper & industrial bags
		- Coatings & consumer packaging
South Africa Division	- Uncoated fine paper	- Uncoated fine paper
	- Pulp	- Pulp
	- Corrugated products	- Corrugated products
		- Woodchips
Newsprint businesses	- Newsprint	- Newsprint

Note:
[1] The Group operates a vertically-integrated structure in order to benefit from economies of scale and to more effectively manage the risk of adverse price movements in key input costs. Internal revenues are therefore generated across the supply chain.

Measurement of operating segment revenues, profit and loss, assets and non-current non-financial assets

Management has regard to certain operating segment measures in making resource allocation decisions and monitoring segment performance. The operating segment measures required to be disclosed adhere to the recognition and measurement criteria presented in the Group's accounting policies. In addition, the Group has presented certain non-IFRS measures by segment to supplement the user's understanding. All intra-group transactions are conducted on an arm's length basis.

The Group's measure of net segment assets includes the allocation of retirement benefits surpluses and deficits on an appropriate basis. The measure of segment results exclude, however, the financing effects of the Group's defined benefit pension plans. In addition, the Group's measure of net segment assets does not include an allocation for derivative assets and liabilities, non-operating receivables and payables and assets held for sale and associated liabilities. The measure of segment results includes the effects of certain movements in these unallocated balances.

The Group's geographic analysis is presented on the following level:

- continental; or
- sub-continental; or
- by individual country (if greater than 10% of the Group total).

As more fully described in note 6, the Group separated its interest in Mondi Packaging South Africa through a demerger during the year ended 31 December 2011. The results of the discontinued operation have been excluded from the segment results presented below, other than as a reconciling item between the segments' totals and Group totals where appropriate, for both the years ending 31 December 2011 and 31 December 2010. During the year ended 31 December 2010, the Group disposed of its Merchant business, Europapier. The results of the Merchant business are included in the Newsprint businesses segment up to its date of disposal of 4 November 2010. As this disposal did not meet the definition of a discontinued operation, no restatement of the segment results is permitted.

There has been no change in the basis of measurement of segment profit and loss in the financial year.

3 Operating segments (continued)

Operating segment revenue

		2011			(Restated) 2010	
€ million	**Segment revenue**	**Internal revenue[1]**	**External revenue[2]**	Segment revenue	Internal revenue[1]	External revenue[2]
Europe & International						
Uncoated Fine Paper	1,429	(20)	1,409	1,516	(129)	1,387
Corrugated	1,384	(64)	1,320	1,235	(59)	1,176
Bags & Coatings	2,478	(46)	2,432	2,226	(39)	2,187
Intra-segment elimination	(129)	129	-	(125)	125	-
Total Europe & International	5,162	(1)	5,161	4,852	(102)	4,750
South Africa Division	569	(155)	414	580	(211)	369
Newsprint businesses	164	-	164	492	(1)	491
Segments total	**5,895**	**(156)**	**5,739**	5,924	(314)	5,610
Inter-segment elimination	(156)	156	-	(314)	314	-
Group total	**5,739**	**-**	**5,739**	5,610	-	5,610

Notes:
1 Inter-segment transactions are conducted on an arm's length basis.
2 The description of each business segment reflects the nature of the main products they sell. In certain instances the business segments sell minor volumes of other products and due to this reason the external segment revenues will not necessarily reconcile to the external revenues by type of product presented below.

External revenue by product type

€ million	2011	(Restated) 2010
Products		
Corrugated products	1,369	1,212
Uncoated fine paper	1,337	1,351
Kraft paper & industrial bags	1,350	1,170
Coatings & consumer packaging	881	809
Pulp	263	247
Newsprint	251	221
Woodchips	60	76
Merchant	41	373
Other[1]	187	151
Group total	**5,739**	5,610

Note:
[1] Revenues derived from product types that are not individually material are classified as other.

3 Operating segments (continued)

External revenue by location of customer

€ million	2011	(Restated) 2010
Revenue		
Africa		
South Africa[1]	303	249
Rest of Africa	268	226
Africa total	571	475
Western Europe		
Germany	810	768
United Kingdom[1]	278	323
Rest of western Europe	1,529	1,474
Western Europe total	2,617	2,565
Emerging Europe	1,144	1,184
Russia	556	491
North America	243	234
South America	30	30
Asia and Australia	578	631
Group total	**5,739**	5,610

Note:
[1] These revenues, which total €581 million (2010: €572 million), are attributable to the countries in which the Group's parent entities are domiciled.

External revenue by location of production

€ million	**2011**	(Restated) 2010
Revenue		
Africa		
South Africa[1]	617	593
Rest of Africa	10	5
Africa total	627	598
Western Europe		
Austria	1,110	1,161
United Kingdom[1]	147	155
Rest of western Europe	1,090	997
Western Europe total	2,347	2,313
Emerging Europe		
Poland	794	711
Rest of emerging Europe	1,075	1,076
Emerging Europe total	1,869	1,787
Russia	703	617
North America	159	131
Asia and Australia	34	164
Group total	**5,739**	5,610

Note:
[1] These revenues, which total €764 million (2010: €748 million), are attributable to the countries in which the Group's parent entities are domiciled.

There are no external customers which account for more than 10% of the Group's total external revenue.

3 Operating segments (continued)

Operating profit from continuing operations before special items

€ million	**2011**	(Restated) 2010
Europe & International		
Uncoated Fine Paper	205	179
Corrugated	178	119
Bags & Coatings	228	133
Total Europe & International	611	431
South Africa Division	62	64
Newsprint businesses	(18)	(4)
Corporate & other businesses	(33)	(33)
Segments total	**622**	458
Special items (see note 4)	(55)	(21)
Net income from associates	1	2
Net finance costs	(111)	(106)
Group profit from continuing operations before tax	**457**	333

Significant components of operating profit from continuing operations before special items

The DLC executive committee uses EBITDA as a measure of cash flow, coupled with the depreciation and amortisation charge, for making decisions about, amongst others, allocation of funds for capital investment.

€ million	EBITDA 2011	EBITDA (Restated) 2010	Depreciation and amortisation 2011	Depreciation and amortisation (Restated) 2010
Europe & International				
Uncoated Fine Paper	309	279	104	100
Corrugated	251	187	73	68
Bags & Coatings	327	238	99	105
Total Europe & International	887	704	276	273
South Africa Division	114	117	52	53
Newsprint businesses	(5)	10	13	14
Corporate & other businesses	(32)	(33)	1	-
Group and segments total from continuing operations	**964**	798	**342**	340

€ million	Operating lease charges 2011	Operating lease charges (Restated) 2010	Green energy sales and disposal of emissions credits 2011	Green energy sales and disposal of emissions credits (Restated) 2010
Europe & International				
Uncoated Fine Paper	7	8	5	6
Corrugated	32	27	43	38
Bags & Coatings	10	9	36	36
Total Europe & International	49	44	84	80
South Africa Division	5	5	-	-
Newsprint businesses	1	6	-	-
Corporate & other businesses	1	2	-	-
Group and segments total from continuing operations	**56**	57	**84**	80

3 Operating segments (continued)

Reconciliation of total profit from operations and associates to EBITDA

€ million	2011	(Restated) 2010
Total profit from operations and associates	**568**	439
Special items (excluding associates) (see note 4)	55	21
Depreciation and amortisation	342	340
Share of associates' net income	(1)	(2)
EBITDA	**964**	798

Operating segment assets

€ million	2011 Segment assets[1]	2011 Net segment assets	(Restated) 2010 Segment assets[1]	(Restated) 2010 Net segment assets
Europe & International				
Uncoated Fine Paper	1,473	1,283	1,672	1,512
Corrugated	1,215	967	1,112	898
Bags & Coatings	1,640	1,279	1,731	1,333
Intra-segment elimination	(87)	-	(55)	-
Total Europe & International	4,241	3,529	4,460	3,743
South Africa Division	964	828	1,091	953

Newsprint businesses	94	59	141	106
Corporate & other businesses	6	3	10	7
Inter-segment elimination	(40)	-	(63)	-
Segments total	**5,265**	**4,419**	5,639	4,809
Unallocated:				
Discontinued operation	-	-	507	393
Investments in associates	10	10	16	16
Deferred tax assets/(liabilities)	5	(305)	21	(328)
Other non-operating assets/(liabilities)[2]	140	(291)	193	(336)
Group trading capital employed	**5,420**	**3,833**	6,376	4,554
Financial asset investments	33	33	34	34
Net debt	192	(831)	83	(1,364)
Group assets	**5,645**	**3,035**	6,493	3,224

Notes:

[1] Segment assets are operating assets and as at 31 December 2011 consist of property, plant and equipment of €3,377 million (2010: €3,761 million), intangible assets of €238 million (2010: €238 million), forestry assets of €297 million (2010: €320 million), retirement benefits surplus of €8 million (2010: €9 million), inventories of €637 million (2010: €621 million) and operating receivables of €708 million (2010: €690 million).

[2] Other non-operating assets consist of derivative assets of €13 million (2010: €14 million), current income tax receivables of €6 million (2010: €11 million), other non-operating receivables of €121 million (2010: €167 million) and assets held for sale of €nil (2010: €1 million). Other non-operating liabilities consist of derivative liabilities of €8 million (2010: €24 million), non-operating provisions of €68 million (2010: €92 million), current income tax liabilities of €78 million (2010: €78 million) and other non-operating payables and deferred income of €277 million (2010: €335 million).

3 Operating segments (continued)

Non-current non-financial assets

	2011			(Restated) 2010		
€ million	**Non-current non-financial assets[1]**	**Segment assets**	**Net segment assets**	Non-current non-financial assets[1]	Segment assets	Net segment assets
Africa						
South Africa[2]	825	974	827	969	1,088	959
Rest of Africa	6	17	16	8	14	13
Africa total	831	991	843	977	1,102	972
Western Europe						
Austria	453	796	576	392	752	667
United Kingdom[2]	68	128	93	80	135	113
Rest of western Europe	398	671	525	434	714	543
Western Europe total	919	1,595	1,194	906	1,601	1,323
Emerging Europe						
Poland	469	594	511	580	702	583
Slovakia	439	490	427	492	547	466
Rest of emerging Europe	342	482	388	392	536	394
Emerging Europe total	1,250	1,566	1,326	1,464	1,785	1,443
Russia	836	957	917	896	1,020	961

North America	57	105	91	56	92	74
Asia and Australia	19	51	48	20	39	36
Segments total	**3,912**	**5,265**	**4,419**	4,319	5,639	4,809

Notes:

[1] Non-current non-financial assets are non-current assets and consist of property, plant and equipment, intangible assets and forestry assets, but exclude retirement benefits surplus, deferred tax assets and non-current financial assets.

[2] These non-current non-financial assets, segment assets and net segment assets, which total €893 million, €1,102 million and €920 million respectively (2010: €1,049 million, €1,223 million and €1,072 million respectively), are attributable to the countries in which the Group's parent entities are domiciled.

Additions to non-current non-financial assets

	Additions to non-current non-financial assets[1]		Capital expenditure cash payments[2]	
€ million	**2011**	(Restated) 2010	**2011**	(Restated) 2010
Europe & International				
Uncoated Fine Paper	51	138	61	151
Corrugated	43	79	44	87
Bags & Coatings	120	102	110	92
Total Europe & International	214	319	215	330
South Africa Division	66	71	27	28
Newsprint businesses	7	10	4	7
Corporate & other businesses	-	-	-	1
Segments total	**287**	400	**246**	366
Unallocated:				
Discontinued operation	18	28	17	28
Group total	**305**	428	**263**	394

Notes:

[1] Additions to non-current non-financial assets reflect cash payments and accruals in respect of additions to property, plant and equipment, intangible assets and forestry assets and include interest capitalised as well as additions resulting from acquisitions through business combinations. Additions to non-current non-financial assets, however, exclude additions to deferred tax assets, retirement benefits surplus and non-current financial assets.

[2] Capital expenditure cash payments exclude business combinations, interest capitalised and investments in intangible and forestry assets.

4 Special items

€ million	**2011**	(Restated) 2010
Operating special items		
Asset impairments	(48)	(32)
Reversal of asset impairments	-	9
Restructuring and closure costs		
Restructuring and closure costs excluding related personnel costs	(5)	(14)
Personnel costs relating to restructuring	(4)	(24)
Reversal of restructuring and closure costs excluding related personnel costs	3	30
Reversal of personnel costs relating to restructuring	-	1
Gain on acquisition of business	-	34
Total operating special items	**(54)**	4
Non-operating special items		
Loss on disposals	(1)	(11)
Impairments of assets held for sale	-	(14)
Total non-operating special items	**(1)**	(25)
Total special items from continuing operations before tax and non-controlling interests	(55)	(21)
Tax (see note 5)	2	6
Non-controlling interests	-	1
Total special items attributable to equity holders of the parent companies	**(53)**	(14)

Special items from continuing operations before tax and non-controlling interests by operating segment

€ million	**2011**	(Restated) 2010
Europe & International		
Uncoated Fine Paper	2	5
Corrugated	3	(15)
Bags & Coatings	(27)	28
Total Europe & International	(22)	18
South Africa Division	-	(10)
Newsprint businesses	(33)	(29)
Corporate & other businesses	-	-
Group and segments total from continuing operations	**(55)**	(21)

Operating special items
Restructuring activities undertaken in Bags & Coatings resulted in restructuring costs of €5 million and related personnel costs of €4 million being recognised in the coatings & consumer packaging business. In addition, a strategic review of certain assets in the kraft paper business resulted in an asset impairment of €15 million being recognised.

Losses incurred and a weak trading outlook has necessitated the impairment of the Group's share of assets at Aylesford Newsprint amounting to €33 million.

Purchase price adjustments on the sale of businesses in prior years resulted in the reversal of previously recognised restructuring provisions of €2 million in Uncoated Fine Paper and €1 million in Bags & Coatings.

Non-operating special items
Finalisation of the sales of Frohnleiten and the UK corrugated plants resulted in a gain on disposal of €3 million in the Corrugated business.

The sale of Unterland, a flexible packaging business, resulted in a loss on disposal of €4 million in Bags & Coatings.

5 Tax charge

(a) Analysis of charge for the year from continuing operations

€ million	**2011**	(Restated) 2010
UK corporation tax at 26.5% (2010: 28%)	1	(2)
SA corporation tax at 28% (2010: 28%)	7	3
Overseas tax	84	74
Current tax (excluding tax on special items)	**92**	75
Deferred tax in respect of the current period (excluding tax on special items)	22	18
Deferred tax in respect of prior period over provision	(12)	(5)
Total tax charge before special items	**102**	88
Deferred tax on special items	(2)	(6)
Total tax credit on special items (see note 4)	**(2)**	(6)
Total tax charge from continuing operations	**100**	82

(b) Factors affecting tax charge for the year

The Group's effective rate of tax from continuing operations before special items for the year ended 31 December 2011, calculated on profit from continuing operations before tax before special items and including net income from associates, is 20% (2010: 25%).

The Group's total tax charge from continuing operations for the year can be reconciled to the tax on the Group's profit from continuing operations before tax at the weighted average UK and SA corporation tax rate of 26.6% (2010: 28%), as follows:

€ million	**2011**	(Restated) 2010
Profit from continuing operations before tax	457	333
Tax on profit from continuing operations before tax calculated at the weighted average UK and SA corporation tax rate of 26.6%[1] (2010: 28%)	**121**	93
Tax effect of net income from associates, calculated at 26.6% (2010: 28%)	-	(1)
Tax effects of:		
Tax in Mondi Limited on intercompany interest received from Mpact Limited	**4**	8
Expenses not (taxable)/deductible for tax purposes	**(7)**	(13)
Intangible amortisation and non-qualifying depreciation	(11)	(6)
Special items not deductible/(taxable)	1	(10)
Other non-deductible expenses	3	3
Non-taxable income	**(1)**	(1)
Temporary difference adjustments	**14**	23
Current year tax losses and other temporary differences not recognised	26	30
Prior period tax losses and other temporary differences not previously recognised	(12)	(7)
Other adjustments	**(31)**	(27)
Current tax prior period adjustments	6	8
South African Secondary Tax on Companies	4	2
Tax incentives	(20)	(16)
Effect of differences between local rates and UK and SA rates	(28)	(27)
Other adjustments	7	6
Tax charge from continuing operations for the financial year	**100**	82

Note:
[1] The weighted average tax rate has been determined by weighting the profit from continuing operations before tax after special items of Mondi Limited and its subsidiaries and Mondi plc and its subsidiaries.

5 Tax charge (continued)

IAS 1 requires income from associates to be presented net of tax on the face of the combined and consolidated income statement. The Group's share of its associates' tax is therefore not presented within the Group's total tax charge from continuing operations. The associates' tax charge included within 'Net income from associates' for the year ended 31 December 2011 is €nil (2010: €1 million).

6 Discontinued operation

On 30 June 2011, the Mondi Group shareholders approved a special resolution to separate the Group's interest in Mondi Packaging South Africa (MPSA) via a demerger in terms of which all the ordinary shares in MPSA held by Mondi Limited were distributed to the Mondi Limited ordinary shareholders by way of a dividend in specie. MPSA was listed on 11 July 2011 under a new name, Mpact Limited (Mpact), on the securities exchange operated by the JSE Limited (JSE).

Prior to the demerger (i) Mondi Limited and Shanduka Packaging (Proprietary) Limited (Shanduka Packaging) subscribed for new Mpact shares; (ii) certain shareholder loans made to Mpact were repaid using the cash proceeds received from the new share subscription and newly arranged borrowing facilities of Mpact; and (iii) the Mpact shares held by Mondi Limited's employee share ownership trust were acquired by the Mondi Group. The Mondi Group's shareholding in Mpact increased to 89.55% of the total number of Mpact shares in issue following these steps and Shanduka Packaging's shareholding reduced to 10.45%.

The resulting interest in Mpact held by the Mondi Group was distributed to Mondi Limited shareholders by way of a dividend in specie.

The net result of the demerger on the Group's consolidated net debt position was a reduction of €172 million.

The dividend in specie declared to Mondi Limited shareholders was measured at the fair value of the Mpact shares distributed, which was €205 million. The carrying value of the investment, immediately prior to distribution as a dividend in specie, was €170 million. The resulting net gain on disposal of the business was €29 million, after deducting demerger costs incurred of €6 million. The demerger and disposal of Mpact was completed during July 2011. The gain on disposal was separately recognised as part of the discontinued operation.

Subsequent to the demerger, a consolidation of the Mondi Limited ordinary shares owned by Mondi Limited shareholders, the effect of which was to reduce their proportionate interest in the Mondi Group, was undertaken in order to compensate Mondi plc shareholders for the value distributed to Mondi Limited shareholders in terms of the demerger.

The Mondi Limited share consolidation was intended to have, as far as practicable, an equivalent but not necessarily identical economic effect on Mondi plc shareholders as the economic effect that the demerger had on Mondi Limited shareholders.

The total number of new Mondi Limited ordinary shares held by Mondi Limited shareholders after the Mondi Limited share consolidation was determined by reference to the volume weighted average price (VWAP) of Mpact shares traded on the JSE, the VWAP of existing Mondi Limited ordinary shares traded on the JSE and the VWAP of Mondi plc ordinary shares traded on the London Stock Exchange plc (LSE) and JSE, in each case during the applicable VWAP determination period, being the nine business days from 11 July 2011 to 21 July 2011.

The result of the Mondi Limited share consolidation was that the number of Mondi Limited shares in issue reduced from 147 million to 118 million and the total number of Mondi shares in issue reduced from 514 million to 486 million.

Mpact paid interest of €13 million (2010: €28 million) to Mondi Limited in respect of intercompany financing provided. This interest is eliminated on consolidation and is thus not taken into consideration in the tables below.

6 Discontinued operation (continued)

The results of the discontinued operation up to 30 June 2011, which have been included in the condensed combined and consolidated income statement for the year ended 31 December 2011, were as follows:

€ million	**2011**	2010
Revenue	296	618
Expenses	(282)	(579)
Profit before tax	**14**	39
Related tax charge	-	(5)
Profit after tax from discontinued operation	**14**	34
Gain on distribution of discontinued operation	29	-
Related tax charge/(credit)	-	-
Net gain on distribution of discontinued operation	**29**	-
Total profit attributable to discontinued operation	**43**	34
Attributable to:		
Non-controlling interests	**-**	2
Equity holders of the parent companies	**43**	32

Mpact contributed the following cash flows to the Group:

€ million	**2011**	2010

Net cash generated from operating activities	32	69
Net cash used in investing activities	(55)	(29)
Net cash generated from/(used in) financing activities	26	(36)

Earnings per share from the discontinued operation are presented as follows (see note 7):

€ cents per share	**2011**	2010
Profit from discontinued operation for the financial year attributable to equity holders of the parent companies		
Basic EPS	**8.6**	6.3
Diluted EPS	**8.5**	6.2

6 Discontinued operation (continued)

Details of the net assets disposed were as follows:

€ million	**2011**
Net assets disposed:	
Goodwill	63
Other intangible assets	6
Property, plant and equipment	195
Investments in associates	6
Financial asset investments	1
Deferred tax assets	3
Retirement benefits surplus[1]	1
Inventories	73
Trade and other receivables	129
Cash and cash equivalents	38
Short-term borrowings	(15)
Trade and other payables	(109)
Current tax liabilities	(1)
Derivative financial instrument liabilities	(3)
Medium and long-term borrowings	(195)
Retirement benefits obligation[1]	(7)
Deferred tax liabilities	(1)
Other non-current liabilities	(3)
Total net assets disposed	**181**
Cumulative translation adjustment reserve realised	(5)
Non-controlling interests disposed	(6)
Net carrying value of discontinued operation distributed	**170**

Dividend in specie distributed to Mondi Limited shareholders	**205**
Net carrying value of discontinued operation distributed	(170)
Fair value gain on discontinued operation distributed	**35**
Transaction costs	(6)
Net fair value gain on discontinued operation distributed	**29**

Note:
[1] The retirement benefits surplus disposed of consists of the fair value of plan asset of €19 million less the pension plans defined benefits obligation of €16 million and a surplus restriction of €2 million. The retirement benefits obligation disposed of consists of the post-retirement medical plans defined benefit obligation of €7 million.

7 Earnings per share

(a) From continuing operations

As more fully described in note 6, Mondi Limited's ordinary shares were subject to a share consolidation which was recognised from 1 August 2011, the date on which the new Mondi Limited ordinary shares commenced trading on the JSE.

The share consolidation is the matching action to compensate Mondi plc shareholders for the dividend in specie declared to Mondi Limited shareholders. IFRS requires that the number of shares subject to the consolidation be adjusted from the effective date of the consolidation, hence, for the year under review the effect of the share consolidation is included from 1 August 2011.

€ cents per share	**2011**	(Restated) 2010
Profit from continuing operations for the financial year attributable to equity holders of the parent companies		
Basic EPS	**57.5**	37.8
Diluted EPS	**56.8**	37.4
Underlying earnings for the financial year[1]		
Basic EPS	**68.1**	40.6
Diluted EPS	**67.3**	40.1

Note:
[1] Underlying EPS excludes the impact of special items.

7 Earnings per share (continued)

The calculation of basic and diluted EPS and basic and diluted underlying EPS from continuing operations is based on the following data:

	Earnings	
€ million	**2011**	(Restated) 2010
Profit for the financial year attributable to equity holders of the parent companies	**330**	224
Profit from discontinued operation (see note 6)	(14)	(39)
Net gain on distribution of discontinued operation (see note 6)	(29)	-
Related tax (see note 6)	-	5
Related non-controlling interests (see note 6)	-	2
Profit from continuing operations for the financial year attributable to equity holders of the parent companies	**287**	192
Special items (see note 4)	55	21
Related tax (see note 4)	(2)	(6)
Related non-controlling interests (see note 4)	-	(1)
Underlying earnings for the financial year[1]	**340**	206

Note:
[1] Underlying earnings excludes the impact of special items.

	Number of shares	
million	**2011**	2010
Basic number of ordinary shares outstanding[1]	**499**	508

Effect of dilutive potential ordinary shares[2]	6	6
Diluted number of ordinary shares outstanding	**505**	514

Notes:
[1] The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc for the year, as adjusted for the weighted average number of treasury shares held during the year, and includes the impact of the share consolidation in 2011.
[2] Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue, net of treasury shares, on the assumption of conversion of all potentially dilutive ordinary shares.

(b) From continuing and discontinued operations

€ cents per share	**2011**	2010
Profit for the financial year attributable to equity holders of the parent companies		
Basic EPS	**66.1**	44.1
Diluted EPS	**65.3**	43.6
Headline earnings for the financial year[1]		
Basic EPS	**69.9**	47.0
Diluted EPS	**69.1**	46.5

Note:
[1] The presentation of Headline EPS is mandated under the 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.

7 Earnings per share (continued)

The calculation of basic and diluted EPS and basic and diluted headline EPS from continuing and discontinued operations is based on the following data:

	Earnings	
€ million	**2011**	(Restated) 2010
Profit for the financial year attributable to equity holders of the parent companies	**330**	224
Net gain on distribution of discontinued operation (see note 6)	(29)	-
Special items	55	21
Special items: restructuring and closure costs	(6)	(7)
Remeasurements related to the discontinued operation[1]	-	1
Profit on disposal of tangible and intangible assets	-	(1)
Impairments not included in special items	1	6
Related tax	(2)	(4)
Related non-controlling interests	-	(1)
Headline earnings for the financial year	**349**	239

Note:
[1] Remeasurements as defined in Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

8 Alternative measure of earnings per share

The directors have elected to present an alternative, non-IFRS measure of earnings per share from continuing operations in order to provide shareholders with a comparison of the continuing operations of the Group as if the demerger and related share consolidation had occurred at the beginning of each period presented. This is deemed appropriate as it is the continuing operations of the Group, after taking the impact of the share consolidation into consideration, which will be the basis of the future performance of the Group. This approach will enable a useful comparison of earnings per share from continuing operations, based on the consolidated shares, for all future periods.

The presentation of such an alternative, non-IFRS measure of earnings per share is classified by the JSE Limited as pro-forma financial information. Refer to the pro-forma financial information set out at the end of this report.

In addition, the effect of the recapitalisation of Mpact resulted in a repayment of intercompany debt by Mpact to Mondi Limited on 4 and 5 July 2011 of €76 million. These proceeds were used to reduce the Group's net debt. The alternative measure of earnings per share has therefore been adjusted to take the related saving on interest paid into consideration as if the recapitalisation had occurred at the beginning of each period presented.

	Earnings	
€ million	**2011**	(Restated) 2010
Underlying earnings for the financial year[1]	**340**	206
Tax saving by Mondi Limited on intercompany interest received from Mpact[2]	4	8
Saving of interest paid on net debt at 8.6% per annum	3	7
Tax at 28% on saving of interest paid	(1)	(2)
Adjusted earnings for the financial year	**346**	219

Notes:
1 Underlying earnings excludes the impact of special items.
2 Had the recapitalisation of Mpact occurred at the beginning of each period presented, Mondi Limited would no longer have received interest on its intercompany loans to Mpact and thus the tax charge on the interest received would not have been incurred.

8 Alternative measure of earnings per share (continued)

The revised weighted average number of shares is determined as follows:

	Number of shares	
million	**2011**	(Restated) 2010
Basic number of ordinary shares outstanding	**499**	508
Adjustment for Mondi Limited share consolidation[1]	(17)	(28)
Adjusted basic number of ordinary shares outstanding[2]	**482**	480
Effect of dilutive potential ordinary shares[3]	6	5
Diluted number of ordinary shares outstanding after Mondi Limited share consolidation	**488**	485

Notes:
1 The actual number of shares subject to consolidation was 29 million. The adjustment reflects the impact on the number of shares as if the share consolidation had occurred with effect from 1 January 2011 and takes treasury shares into consideration. In 2011, the adjustment reflects the period up to the date of the share consolidation as the share consolidation is included in the basic number of ordinary shares outstanding from 1 August 2011.
2 The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc for the year, as adjusted for the weighted average number of treasury shares held during the year.
3 Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue, net of treasury shares, on the assumption of conversion of all potentially dilutive ordinary shares.

Based on the adjusted earnings and weighted average number of shares, the alternative, non-IFRS earnings per share figures for continuing operations would be:

€ cents per share	**2011**	(Restated) 2010

Earnings per share – alternative measure for the financial year		
Basic EPS – alternative measure	**71.8**	45.6
Diluted EPS – alternative measure	**70.9**	45.2

9 Dividends

Dividend payments

An interim dividend for the year ended 31 December 2011 of 78.79484 rand cents / 8.25 euro cents per share was paid on 13 September 2011 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 19 August 2011.

A proposed final dividend for the year ended 31 December 2011 of 17.75 euro cents per share will be paid on 10 May 2012 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 13 April 2012. 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 3 May 2012.

9 Dividends (continued)

Dividend timetable

The proposed final dividend for the year ended 31 December 2011 of 17.75 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	4 April 2012	4 April 2012
London Stock Exchange	Not applicable	10 April 2012
Shares commence trading ex-dividend		
JSE Limited	5 April 2012	5 April 2012
London Stock Exchange	Not applicable	11 April 2012
Record date		
JSE Limited	13 April 2012	13 April 2012

London Stock Exchange	Not applicable	13 April 2012
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	19 April 2012	19 April 2012
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	20 April 2012	15 April 2012*
Payment Date		
South African Register	10 May 2012	10 May 2012
UK Register	Not applicable	10 May 2012
DRIP purchase settlement dates	17 May 2012	15 May 2012**
Currency conversion date		
ZAR/euro	23 February 2012	23 February 2012
Euro/sterling	Not applicable	24 April 2012

*20 April 2012 for Mondi plc South African branch register shareholders
**17 May 2012 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 5 April 2012 and 15 April 2012, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 4 April 2012 and 15 April 2012, both dates inclusive.

10 Borrowings

	2011			2010		
€ million	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Secured						
Bank loans and overdrafts	9	1	10	26	127	153
Obligations under finance leases	2	10	12	4	14	18
Total secured	**11**	**11**	**22**	30	141	171
Unsecured						
Bank loans and overdrafts	253	155	408	363	282	645
Bonds	-	492	492	-	491	491
Other loans	22	79	101	17	123	140
Total unsecured	**275**	**726**	**1,001**	380	896	1,276
Total borrowings	**286**	**737**	**1,023**	410	1,037	1,447

10 Borrowings (continued)

Obligations under finance leases

The maturity of obligations under finance leases is:

€ million	**2011**	2010
Not later than one year	3	4
Later than one year but not later than five years	10	15
Later than five years	-	2
Future value of finance lease liabilities	**13**	21
Future finance charges	(1)	(3)
Present value of finance lease liabilities	**12**	18

The Group does not have any individual finance lease arrangements which are considered material.

Financing facilities

Group liquidity is provided through a range of committed debt facilities which are in excess of the Group's short-term needs. The principal loan arrangements in place include the following:

€750 million Syndicated Revolving Credit Facility (RCF)
The RCF is a five year multi-currency revolving credit facility which was signed on 14 April 2011. The RCF refinances the €1.55 billion Syndicated Revolving Credit Facility (UKRCF) which was due to mature on 22 June 2012 and which has since been cancelled. Interest is charged on the balance outstanding at market-related rates linked to EURIBOR.

€500 million Eurobond
Mondi Finance plc launched its inaugural publicly traded bond, guaranteed by Mondi plc, on 26 March 2010. The €500 million bond, which matures on 3 April 2017, was issued at a discount of €5.63 million and pays a fixed coupon of 5.75% per annum. The bond contains 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 Standard & Poor's (BBB-, outlook stable) and Moody's Investors Service (Baa3, outlook positive).

€160 million Export Credit Agency Facility (ECAF)
The ECAF is used to part finance expansionary capital expenditure in Russia. The facility has an amortising repayment until 2020 and interest is charged on the balance outstanding at a market-related rate linked to LIBOR.

PLN 474 million European Investment Bank Facility (EIBF1)
The EIBF1 is used to part finance expansionary capital expenditure at Mondi Świecie in Poland. The facility has an amortising repayment until 2017 and interest is charged at a market-related rate linked to WIBOR (Warsaw Interbank Offered Rate).

€100 million European Investment Bank Facility (EIBF2)
The EIBF2 is used to part finance expansionary capital expenditure in Russia. The facility is currently undrawn and is available to be drawn until 28 May 2013. Once drawn, the facility amortises over 12 years with a two year grace period. Interest is charged on the balance outstanding at a market-related rate linked to EURIBOR.

RUB 1.6 billion European Bank for Reconstruction and Development Facility (EBRDF)
The EBRDF is used to part finance expansionary capital expenditure in Russia. The facility has an amortising repayment until 2019 and interest is charged on the balance outstanding at a market-related rate linked to MOSPRIME (Moscow Prime Offered Rate).

In addition to the facilities above, the Group has committed facilities amounting to ZAR 1.1 billion in South Africa.

10 Borrowings (continued)

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

2011/*€ million*	**Floating rate borrowings**	**Fixed rate borrowings**	**Non-interest bearing borrowings**	**Total carrying value**	**Fair value**
Euro	152	503	-	655	682
South African rand	178	-	-	178	178
Polish zloty	94	-	-	94	94
Russian rouble	39	-	-	39	39
Turkish lira	26	-	-	26	26
Pounds sterling	19	-	-	19	19
Other currencies	3	9	-	12	12
Carrying value	**511**	**512**	**-**	**1,023**	
Fair value	**511**	**539**	**-**		**1,050**

2010/*€ million*	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Total carrying value	Fair value
Euro	262	643	2	907	935
South African rand	367	1	14	382	382
Polish zloty	119	-	-	119	119
Turkish lira	13	-	-	13	13
Pounds sterling	13	-	-	13	13
US dollar	-	5	-	5	5
Other currencies	2	6	-	8	8
Carrying value	776	655	16	1,447	
Fair value	777	682	16		1,475

In addition to the above, the Group swaps euro debt into other currencies through the foreign exchange market.

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

The Group has pledged specific assets as collateral against certain borrowings. The fair values of these assets as at 31 December are as follows:

€ million	**2011**	2010
Assets held under finance leases		
Property, plant and equipment	9	20
Assets pledged as collateral for other borrowings		
Property, plant and equipment	21	230
Inventories	5	79
Financial assets	17	166
Other	17	20
Total value of assets pledged as collateral	**69**	515

The Group is entitled to receive all cash flows from these pledged assets. Further, there is no obligation to remit these cash flows to another entity.

11 Share capital and stated capital

As part of the Mpact demerger, as more fully described in note 6, the following actions, which directly impacted on the Group's share capital and share premium, were undertaken during the year ended 31 December 2011:

11 Share capital and stated capital (continued)

- In order to facilitate the share consolidation of Mondi Limited, all Mondi Limited's authorised and issued share capital was converted from par value shares to shares with no par value prior to the share consolidation, in compliance with the South African Companies Act 2008 which came into effect on 1 May 2011. As a result, both the amounts of Mondi Limited's share capital and share premium were converted to stated capital.
- Mondi Limited's ordinary shares were subject to a share consolidation which was recognised from 1 August 2011, the date on which the new Mondi Limited ordinary shares commenced trading on the JSE. The share consolidation is the matching action to compensate Mondi plc shareholders for the dividend in specie declared to Mondi Limited shareholders.
- In response to the Mondi Limited share consolidation, Mondi plc's special converting shares were split into 146,896,322 €0.0389 deferred shares and 146,896,322 €0.1611 special converting shares. The new special converting shares were subsequently consolidated to 118,312,975 €0.20 special converting shares in order to equal the number of Mondi Limited ordinary shares in issue after the consolidation was effected.
- The dividend in specie distributed to Mondi Limited shareholders was partially apportioned to the stated capital of Mondi Limited, resulting in a reduction of stated capital from €543 million to €439 million.

	Authorised
	Number of shares
Mondi Limited ordinary shares with no par value	250,000,000
Mondi Limited special converting shares with no par value	650,000,000

In accordance with the UK Companies Act 2006, Mondi plc changed its Articles of Association on 6 May 2010 to remove the limit on the number of shares which can be issued. Immediately prior to this date, Mondi plc had authorised share capital of 3,177,608,605 €0.20 ordinary shares and 250,000,000 €0.20 special converting shares.

2011	**Number of shares**	**Called up, allotted and fully paid/€ million**		
		Share capital	**Stated capital**	**Total**
Mondi Limited ordinary shares with no par value issued on the JSE	118,312,975	-	431	431
Mondi plc €0.20 ordinary shares issued on the LSE	367,240,805	74	-	74
Total ordinary shares in issue	**485,553,780**	**74**	**431**	**505**
Mondi Limited special converting shares with no par value	367,240,805	-	8	8
Mondi plc €0.20 special converting shares	118,312,975	24	-	24
Total special converting shares[1]	**485,553,780**	**24**	**8**	**32**
Mondi plc €0.04 deferred shares[2]	146,896,322	5	-	5
Total shares	**1,118,003,882**	**103**	**439**	**542**

2010	Number of shares	Called up, allotted and fully paid/€ million		
		Share capital	Share premium	Total
Mondi Limited R0.20 ordinary shares issued on the JSE	146,896,322	3	532	535
Mondi plc €0.20 ordinary shares issued on the LSE	367,240,805	74	-	74
Total ordinary shares in issue	514,137,127	77	532	609
Mondi Limited R0.20 special converting shares	367,240,805	8	-	8
Mondi plc €0.20 special converting shares	146,896,322	29	-	29
Total special converting shares[1]	514,137,127	37	-	37
Total shares	1,028,274,254	114	532	646

Notes:
[1] The special converting shares are held in trust and do not carry dividend rights. The special converting shares provide a mechanism for equality of treatment on termination of the DLC arrangement for both Mondi Limited and Mondi plc ordinary equity holders.
[2] The deferred shares resulted from the Mpact demerger. They are held in trust and do not carry any dividend or voting rights.

11 Share capital and stated capital (continued)

Treasury shares purchased represents the cost of shares in Mondi Limited and Mondi plc purchased in the market and held by the Mondi Incentive Schemes Trust and the Mondi Employee Share Trust respectively to satisfy share awards under the Group's employee share schemes. These costs are reflected in the combined and consolidated statement of changes in equity. The number of ordinary shares held by the Mondi Incentive Schemes Trust as at 31 December 2011 was 761,462 shares (2010: 338,267) at an average price of R60.01 per share (2010: R53.40 per share). The number of ordinary shares held by the Mondi Employee Share Trust as at 31 December 2011 was 2,991,811 shares (2010: 4,102,373) at an average price of £4.20 per share (2010: £4.03 per share).

12 Consolidated cash flow analysis

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

€ million	**2011**	(Restated) 2010
Profit from continuing operations before tax	**457**	333
Depreciation and amortisation	342	340
Share-based payments	10	7
Non-cash effect of special items	36	11
Net finance costs	111	105
Net income from associates	(1)	(2)
Decrease in provisions and post-employment benefits	(25)	(3)
Increase in inventories	(55)	(102)
Increase in operating receivables	(32)	(127)
Increase in operating payables	19	119
Fair value gains on forestry assets	(49)	(36)
Felling costs	65	65
Profit on disposal of tangible and intangible assets	-	(1)
Other adjustments	5	(4)
Cash generated from continuing operations	**883**	705
Cash generated from discontinued operation	34	73
Cash generated from operations	**917**	778

(b) Cash and cash equivalents

€ million	**2011**	2010
Cash and cash equivalents per combined and consolidated statement of financial position	191	83
Bank overdrafts included in short-term borrowings (see note 12c)	(74)	(59)
Net cash and cash equivalents per combined and consolidated statement of cash flows	**117**	24

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

12 Consolidated cash flow analysis (continued)

(c) Movement in net debt

The Group's net debt position, excluding disposal groups is as follows:

€ million	Cash and cash equivalents[1]	Debt due within one year[2]	Debt due after one year	Current financial asset investments	Total net debt
At 1 January 2010	37	(133)	(1,421)	-	(1,517)
Cash flow	(4)	51	114	-	161
Business combinations	-	(1)	-	-	(1)
Disposal of businesses	-	23	52	-	75
Movement in unamortised loan costs	-	-	(4)	-	(4)
Reclassification	-	(273)	273	-	-
Currency movements	(9)	(18)	(51)	-	(78)
At 31 December 2010	24	(351)	(1,037)	-	(1,364)
Cash flow	84	135	4	1	224
Business combinations	-	(4)	(1)	-	(5)
Disposal of discontinued operation (see note 6)	-	15	195	-	210
Disposal of businesses	-	30	12	-	42
Movement in unamortised loan costs	-	-	(6)	-	(6)
Reclassification	-	(64)	64	-	-
Currency movements	9	27	32	-	68
At 31 December 2011	**117**	**(212)**	**(737)**	**1**	**(831)**

Notes:
[1] 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.
[2] Excludes overdrafts, which are included as cash and cash equivalents. As at 31 December 2011, short-term borrowings in the combined and consolidated statement of financial position of €286 million (2010: €410 million) include €74 million of overdrafts (2010: €59 million).

13 Capital commitments

€ million	2011	2010
Contracted for but not provided	**140**	98
Approved, not yet contracted for	**372**	316

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

€ million	2011	2010
Intangible assets	13	7
Property, plant and equipment	499	407
Total capital commitments	**512**	414

The expected maturity of these capital commitments is:

€ million	2011	2010
Within one year	339	296
One to two years	141	77
Two to five years	32	39
After five years	-	2
Total capital commitments	**512**	414

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 will be financed by existing cash resources and borrowing facilities.

Capital commitments related to joint venture entities are immaterial.

14 Contingent liabilities and contingent assets

Contingent liabilities comprise aggregate amounts as at 31 December 2011 of €17 million (2010: €20 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.

There are a number of legal and tax claims against the Group. Provision is made for all liabilities that are expected to materialise.

There were no contingent assets at 31 December 2011 or 31 December 2010.

Contingent assets and liabilities related to joint venture entities are immaterial.

15 Related party transactions

The Group has related party relationships with its associates and joint ventures. Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, have been eliminated on consolidation.

The Group and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with joint ventures and associates and other related parties. These transactions are entered into on an arm's length basis at market rates.

There have been no significant changes to the related parties as disclosed in note 38 of the Group's annual financial statements for the year ended 31 December 2010.

16 Events occurring after 31 December 2011

In November 2011 the trustees of the defined benefit pension plan in South Africa, with agreement from the participating pensioners and employees, resolved to wind up the fund subject to regulatory approval. Regulatory approval was received in January 2012. Mondi Limited will receive a reimbursement of the pension surplus of €6 million. A settlement charge of €2 million will be recognised in 2012.

In February 2011, Mondi Świecie announced its intention to exercise an option to acquire the power and heat generating plant which supplies Mondi Świecie with the majority of its electricity requirements and all its heat and steam needs. The option was subject to certain conditions precedent, being a ruling from the Arbitration Court of the National Chamber of Commerce in Poland, consent of the financing banks of the power and heat generating plant and receipt of approval from the competition authorities. On 10 February 2012, the Arbitration Court ruled in favour of Mondi Świecie, fulfilling the first of these conditions. Competition approval has been received and application has been made to the financing banks for approval. Based on the option price, the implied enterprise value of the business is around €90 million. The outcome and timing of any potential acquisition remains uncertain.

On 16 February 2012, Mondi made an all cash offer of PLN69.00 (€16.48) per share for the 34% of Mondi Świecie S.A. shares that it does not already own. Mondi Świecie is listed on the Warsaw Stock Exchange. The maximum consideration, should all outstanding shares be acquired, is PLN1.2 billion (€280 million).

Other than as set out above, with the exception of the proposed final dividend for 2011, included in note 9, there have been no material reportable events since 31 December 2011.

Pro-forma financial information

The directors have in the past presented underlying earnings per share in accordance with IAS33.73 as they believe it provides a useful measure for shareholders to understand the underlying financial performance of the Group. Underlying earnings represents the earnings of the Group, from continuing operations, excluding special items. Special items are those non-recurring financial items which the Group believes should be separately disclosed on the face of the combined and consolidated income statement to assist in understanding the underlying financial performance of the Group. IAS33 requires that the number of shares subject to the Mondi Limited share consolidation be adjusted from the effective date of the consolidation. This results in a mismatch between the underlying earnings, which excludes the discontinued operation for the full year, and the weighted average number of shares, which only reflects the adjusted number of shares from the date of the share consolidation.

The directors have therefore elected to present an alternative, non-IFRS measure of underlying earnings per share from continuing operations in order to provide shareholders with a comparison of the continuing operations of the Group as if the demerger of Mpact and related Mondi Limited share consolidation had occurred at the beginning of each financial year presented. This is deemed appropriate as it is the continuing operations of the Group, after taking the impact of the share consolidation into consideration, which will be the basis of the future performance of the Group. This approach will enable a useful comparison of earnings per share from continuing operations, based on the consolidated shares, for all future periods.

The presentation of such an alternative, non-IFRS measure of earnings per share is classified by the JSE Limited (JSE) as pro-forma financial information and must comply with section 8 of the JSE Listings Requirements. The unaudited pro-forma financial information below has been prepared for illustrative purposes to provide information on how the alternative measure of earnings per share adjustments would have impacted on the financial results of the Group. Because of its nature, the unaudited pro-forma financial information does not reflect the Group's actual results of operations which are set out in the audited financial statements.

The unaudited pro-forma results set out below only reflect an adjustment to the combined and consolidated income statement as the statement of financial position already reflects the demerger of Mpact and no adjustments are deemed necessary. The statement of comprehensive income is not presented as the pro-forma information relates only to the earnings per share measures, determined from the combined and consolidated income statement. The directors do not propose to present any pro-forma measures other than those relating to underlying earnings per share and therefore have not presented the effect of the pro-forma adjustments to headline earnings per share or earnings per share measures from continuing and discontinued operations.

The underlying information used in the preparation of the pro-forma financial information has been prepared using the accounting policies set out in note 1 of the audited financial statements for the year ended 31 December 2011 without adjustment.

The directors of the Group are responsible for the compilation, contents and preparation of the unaudited pro-forma financial information set out below. Their responsibility includes determining that: the unaudited pro-forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Group; and the pro-forma adjustments are appropriate for the purposes of the unaudited pro-forma financial information disclosed in terms of the JSE Listings Requirements.

Since there are no significant subsequent events after 31 December 2011 that would impact these results, no adjustments have been made to the unaudited pro-forma financial information. The unaudited pro-forma financial information should be read in conjunction with the Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at Mondi Limited's registered office in South Africa.

Pro-forma combined and consolidated income statement

for the year ended 31 December 2011

€ million	2011 Audited (A)	2011 Adjust-ments	2011 Pro-forma (unaudited)	2010 Audited (A)	2010 Adjust-ments	2010 Pro-forma (unaudited)
Continuing operations						
Group revenue	**5,739**	**-**	**5,739**	5,610	-	5,610
Materials, energy and consumables used	(2,998)	-	(2,998)	(3,006)	-	(3,006)
Variable selling expenses	(511)	-	(511)	(494)	-	(494)
Gross margin	**2,230**	**-**	**2,230**	2,110	-	2,110
Maintenance and other indirect expenses	(272)	-	(272)	(272)	-	(272)
Personnel costs (excluding special items)	(808)	-	(808)	(829)	-	(829)
Other net operating expenses (excluding special items)	(186)	-	(186)	(211)	-	(211)
Depreciation and amortisation	(342)	-	(342)	(340)	-	(340)
Underlying operating profit	**622**	**-**	**622**	458	-	458
Special items (note B)	(55)	-	(55)	(21)	-	(21)
Net income from associates	1	-	1	2	-	2
Total profit from operations and associates	**568**	**-**	**568**	439	-	439
Net finance costs	**(111)**	**3**	**(108)**	(106)	7	(99)
Investment income	30	-	30	31	-	31
Foreign currency gains	-	-	-	7	-	7
Finance costs (note B)	(141)	3	(138)	(144)	7	(137)
Profit before tax	**457**	**3**	**460**	333	7	340
Tax (charge)/credit (note B)	(100)	3	(97)	(82)	6	(76)
Profit from continuing operations	**357**	**6**	**363**	251	13	264
Profit from discontinued operations	43	-	43	34	-	34
Profit for the financial year	**400**	**6**	**406**	285	13	298
Attributable to:						
Non-controlling interests	**70**	**-**	**70**	61	-	61
Equity holders of the parent companies	**330**	**6**	**336**	224	13	237
Earnings per share (EPS) for profit attributable to equity holders of the parent companies						
From continuing operations (note D)						
Basic underlying EPS (€ cents)	**68.1**		**71.8**	40.6		45.6
Diluted underlying EPS (€ cents)	**67.3**		**70.9**	40.1		45.2

Notes to the pro-forma combined and consolidated income statement

A. The Group financial information has been extracted, without adjustment, from the Group's audited combined and consolidated financial statements for the year ended 31 December 2011.

B. The adjustments to the audited financial statements to reflect the unaudited pro-forma earnings are set out below:

€ million	Earnings **2011**	(Restated) 2010
Profit for the year attributable to equity holders of the parent companies	**330**	224
Discontinued operations	(43)	(34)
Non-controlling interest in discontinued operations	-	2
Effect of special items (refer note 10(a) of the audited annual financial statements)	55	21
Tax and non-controlling interest in respect of special items (refer note 10(a) of the audited annual financial statements)	(2)	(7)
Underlying earnings attributable to equity holders of the parent companies (refer note 10(a) of the audited annual financial statements)[1]	**340**	206
Pro-forma adjustments		
Saving of interest paid on net debt at 8.6% per annum[2]	3	7
Tax at 28% on saving of interest paid	(1)	(2)
Tax saving by Mondi Limited on intercompany interest received from Mpact[3]	4	8
Adjusted pro-forma underlying earnings for the financial year	**346**	219

Notes:
1 Underlying earnings excludes the impact of special items as described in note 5 of the audited annual financial statements.
2 The effect of the recapitalisation of Mpact resulted in a repayment of intercompany debt by Mpact to Mondi Limited on 4 and 5 July 2011 of €76 million. These proceeds were used to reduce the Group's net debt. The alternative measure of earnings per share has been adjusted to take the related saving on interest paid into consideration as if the recapitalisation had occurred at the beginning of each period presented.
3 Had the recapitalisation of Mpact occurred at the beginning of each financial year presented, Mondi Limited would no longer have received interest on its intercompany loans to Mpact and thus the tax charge on the interest received would not have been incurred.

C. The revised weighted average number of shares is determined as follows:

million	Number of shares **2011**	(Restated) 2010
Basic number of ordinary shares outstanding	**499**	508
Adjustment for Mondi Limited share consolidation[1]	(17)	(28)
Adjusted basic number of ordinary shares outstanding[2]	**482**	480
Effect of dilutive potential ordinary shares[3]	6	5
Diluted number of ordinary shares outstanding after Mondi Limited share consolidation	**488**	485

Notes:
1 The actual number of shares subject to consolidation was 29 million. The adjustment reflects the impact on the number of shares as if the share consolidation had occurred with effect from 1 January 2011 and takes treasury shares into consideration. In 2011, the adjustment reflects the period up to the date of the share consolidation as the share consolidation is included in the basic number of ordinary shares outstanding from 1 August 2011 as set out in note 10(a) of the audited annual financial statements.
2 The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc for the year, as adjusted for the weighted average number of treasury shares held during the year.
3 Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue, net of treasury shares, on the assumption of conversion of all potentially dilutive ordinary shares.

D. Based on the adjusted earnings and weighted average number of shares, the alternative, non-IFRS underlying earnings per share figures for continuing operations would be:

€ cents per share	**2011**	(Restated) 2010
Underlying earnings per share – alternative measure for the financial year		
Basic EPS – alternative measure	**71.8**	45.6
Diluted EPS – alternative measure	**70.9**	45.2

The directors do not propose to present any pro-forma measures other than those relating to underlying earnings per share and therefore have not presented the effect of the pro-forma adjustments to headline earnings per share or earnings per share measures from continuing and discontinued operations.

Unaudited financial information

Production statistics

		2011	2010
Europe & International			
Uncoated fine paper	Tonnes	1,400,991	1,524,225
Containerboard	Tonnes	2,009,984	1,939,935
Kraft paper	Tonnes	955,741	984,607
Hardwood pulp	Tonnes	1,033,226	935,628
Internal consumption	Tonnes	975,121	825,664
External	Tonnes	58,105	109,964
Softwood pulp	Tonnes	1,954,284	1,899,518
Internal consumption	Tonnes	1,799,577	1,688,472
External	Tonnes	154,707	211,046
Corrugated board and boxes	Mm²	1,213	1,308
Industrial bags	M units	3,958	3,850
Coating and release liners	Mm²	3,357	3,187
Newsprint	Tonnes	199,337	197,601
South Africa Division			
Uncoated fine paper	Tonnes	233,837	276,957
Containerboard	Tonnes	257,680	259,785
Hardwood pulp	Tonnes	637,205	589,186
Internal consumption	Tonnes	316,388	366,170
External	Tonnes	320,817	223,016
Softwood pulp	Tonnes	115,606	112,956
Woodchips	Bone dry tonnes	206,150	280,154
Newsprint Joint Ventures (attributable share)			
Aylesford	Tonnes	188,536	187,971
Mondi Shanduka Newsprint (MSN)	Tonnes	124,914	126,530

Exchange rates

	2011	2010
Closing rates against the euro		
South African rand	10.48	8.86
Pounds sterling	0.84	0.86
Polish zloty	4.46	3.97
Russian rouble	41.77	40.82
US dollar	1.29	1.34
Czech koruna	25.79	25.06
Turkish lira	2.44	2.07
Average rates for the period against the euro		
South African rand	10.10	9.70
Pounds sterling	0.87	0.86
Polish zloty	4.12	3.99
Russian rouble	40.88	40.27
US dollar	1.39	1.33
Czech koruna	24.59	25.29
Turkish lira	2.34	2.00