26 February 2009

Mondi Limited

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

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

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 2008

Financial Summary

€ million, except for % and per share measures	2008	2007	Change %
Group revenue	6,345	6,269	+1
EBITDA [1]	814	870	-6
Underlying operating profit [2]	441	502	-12
Underlying profit before tax [3]	284	405	-30
Reported (loss) / profit before tax[7]	(103)	382	-127
Basic (loss)/ earnings per share (€ cents) [4]	(41.6)	45.4	-192
Underlying earnings per share (€ cents) [4,5]	33.9	46.9	-28
Headline earnings per share (€ cents) [4,5]	20.3	39.5	-49
Cash inflow from operations	795	957	-17
Net debt	1,690	1,507	+12
Group ROCE [6]	9.5%	10.6%	-10
Total dividend per share (€ cents) [4]	12.7	23.0	-45

Highlights:

- Substantial cash inflow from operations of €795 million, despite the adverse economic backdrop.
- Demonstrated excellent financial discipline with net debt at €1.7 billion (broadly unchanged since 30 June 2008) and nearly €1.1 billion of undrawn committed facilities as at end of December, despite €324 million spent on major capital projects.
- Delivered cost savings of €128 million, representing 2.4% of cost base.
- Improved profit trend in South Africa Division.
- Achieved very strong control of working capital, resulting in a net working capital inflow of €27 million for the year, following the €97 million inflow in the prior year.
- Further rationalised the business in the face of a weakening trading environment, exiting around 600,000 tonnes of high cost production capacity, thereby enhancing the Group's overall cost competitiveness.
- The costs of these disposal, restructuring and closure initiatives of €85 million before tax (cash component €56 million) are included in special items, together with an impairment charge on the write-down of both goodwill and tangible assets amounting to €293 million.
- Major projects in Poland and Russia are on schedule and within budgeted capital cost.
- Despite weaker trading environment achieved ROCE of 9.5%.
- Proposed final dividend of 5.0 euro cents per share to give a total dividend of 12.7 euro cents per share.

David Hathorn, Mondi Group Chief Executive, said:

"It is testament to Mondi's low cost production strategy, ingrained cost focus and ability to respond quickly to changing market conditions that a creditable performance was delivered in a year which ended amid the most difficult trading conditions in the Group's history.

"We have responded early and decisively to the challenges posed by the global economic turbulence, proactively rationalising the business through cost cutting, asset closures and divestitures, thereby consolidating the Group's leading cost positions in its chosen markets and enhancing its resilience to adverse market conditions. Similarly, working capital has reduced as a percentage of sales and our capital expenditure programmes have been tailored to the more challenging trading environment which we now face. We will continue to engage in restructuring actions and cost reduction measures where appropriate and as required by market conditions.

"Given the level of global economic uncertainty that emerged in the latter part of 2008, the outlook inevitably remains challenging. However Mondi's strong financial position, our low cost, high quality asset base and our quick and decisive response to rapidly changing economic events leave us well positioned to benefit when market conditions improve. As such, the Boards remain confident in the medium and long-term prospects for the Group."

[1] EBITDA is operating profit of subsidiaries and joint ventures before special items, depreciation and amortisation.
[2] Underlying operating profit is operating profit of subsidiaries and joint ventures before special items.
[3] Underlying profit before tax is reported profit before tax before special items.
[4] 2007 is pro forma and based on the number of shares admitted following the demerger from Anglo American plc on 2 July 2007.
[5] The Group has presented underlying earnings per share to exclude the impact of special items, and headline earnings per share in accordance with circular 8/2007 'Headline Earnings' as issued by the South African Institute of Chartered Accountants.
[6] Group return on capital employed (ROCE) is an annualised measure based on underlying operating profit plus share of associates net earnings divided by average trading capital employed before impairments and adjusted for major capital projects not yet commissioned.
[7] Reported (loss) / profit before tax is reported profit before tax but after special items of €387 million.

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Dial-in audio cast facility will be available via:

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).
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Password: FYResults08

The presentation will be available online via the above web site address an hour and a half before the audio cast commences.
Questions can be submitted either via the dial-in conference call or by email via the audio cast.
Should you have any issues on the day with accessing the dial-in conference, please call +27 (0)11 535 3600.
Should you have any issues on the day with accessing the audio cast, please email mondi@kraftwerk.co.at and you will be contacted immediately.
An audio recording of the presentation will be available on Mondi's website from late afternoon on 26 February 2009.

Editors' notes:

Mondi is an international paper and packaging group and in 2008 had revenues of €6.3 billion. Its key operations and interests are in western Europe, emerging Europe, Russia and South Africa.

The Group is principally involved in the manufacture of packaging paper and converted packaging products; uncoated fine paper; and speciality products including coating and consumer flexibles.

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

Mondi has production operations across 38 countries and had an average of 33,000 employees in 2008.

RESULTS

As indicated in Mondi's Interim Management Statement in October 2008, the worsening of the global economic environment had an adverse impact on our business. In particular, from October we saw a marked downturn in trading in Europe.

Group sales rose by 1% to €6.35 billion and underlying operating profit was 12% below the prior year, with the slowdown in Europe only partially offset by a much improved performance from the South Africa Division. Within the Europe & International Division underlying operating profit was down €52 million or 13%. We did not see the usual post-summer seasonal pick-up in demand and trading in the last three months of 2008 was weak, resulting in falling volumes and some price weakness. In response, we proactively took significant market-related downtime in a number of our European operations (mainly in sack kraft paper) amounting to 130,000 tonnes in the last quarter (12% of capacity) and 212,000 tonnes for the full year. By the end of the year stock levels were low across all paper grades, leaving us well placed for the coming year.

By contrast, the South Africa Division was successful in implementing price increases and enjoyed an improved underlying operating performance, with profits up €33 million or 42%.

Merchant and Newsprint saw a significant decline in underlying operating profits (€33 million) as our joint venture, Aylesford Newsprint incurred losses, suffering from both declining selling prices and increases in input costs. Aylesford contributed nearly half of Merchant and Newsprint's profits in the year ending 2007.

A strong working capital performance (net inflow for the year of €27 million despite higher revenues) coupled with renewed focus on cost reductions and cash flow optimisation limited the increase in Group borrowings to €183 million, despite capital expenditure of €324 million on the two major expansionary capital projects in Poland and Russia. Mondi enjoys a strong liquidity position and as at the end of December the Group had nearly €1.1 billion of undrawn committed debt facilities (€0.7 billion of which is available under a €1.55 billion facility, expiring on 22 June 2012).

Cost pressures were evident throughout the year, most significantly chemicals and energy, although there was some easing of key raw material input costs towards the latter part of the year (notably recovered fibre, energy and chemicals). Similarly, while the weaker South African rand supported margin improvement in export sales from our South Africa Division, the strength of our major emerging European production currencies negatively impacted on our cost base. The continued strengthening of the Polish zloty in particular had a significant negative effect on profitability, although this pressure eased towards the end of the period.

In mitigation of ongoing cost pressures and the weaker trading environment, significant additional cost reductions and further productivity improvements were achieved. Overall, the Group delivered a further €128 million in cost savings, representing approximately 2.4% of the cash cost base. Mondi remains committed to targeting annual savings of at least 2% per annum. The 2009 target is €180 million (3.3% of 2008 cash costs). We also completed the restructuring and simplification of our European Uncoated Fine Paper (UFP) business, which realised significant cost reductions during the year, with further benefits flowing in 2009.

Disappointingly, the average return on capital employed, a key measure of Mondi's performance declined to 9.5% (2007: 10.6%), reflecting the more difficult trading environment in the second-half. As noted elsewhere, actions are being taken to improve the profitability of the Group which we are confident, when taken with an improvement in the business cycle, will lead to improving returns.

Net finance costs of €159 million were €60 million higher than in 2007 due to higher borrowings and average interest rates (particularly in emerging markets) and foreign currency charges on the devaluation of emerging market currencies to which we are exposed. The effective tax rate before special items of 29% was in line with the prior-year rate.

Underlying earnings per share were 33.9 euro cents per share, down 28% compared to 2007.

The Group is proposing to pay a final dividend of 5.0 euro cents per share, giving a total dividend of 12.7 euro cents per share for the year.

DECISIVE RESPONSE TO THE DOWNTURN

Mondi has acted to close or dispose of certain higher cost operations in Europe. The total cost of disposal, closure and restructuring initiatives excluding impairments amounted to €85 million and has been disclosed as a special item. The cash element of this charge is €56 million.

Actions taken:

- The previously announced closure of our 140,000 tonne UFP mill in Hungary and European UFP reorganisation were completed.
- The decision has been taken to mothball the integrated Stambolijski kraft paper mill in Bulgaria and the Dynäs PM5 kraft paper machine in Sweden.
- The recycled containerboard mill in Holcombe, UK was closed.

- Three sheet feeder plants in the UK and a recycled container board mill in Switzerland were sold. The sale of two further corrugated converting operations in France was also agreed.
- A restructuring exercise at the Turkish corrugated business was started.
- The Nyborg specialities plant in Denmark and the Zaragoza bag plant in Spain were closed.
- A restructuring of the Finnish & UK coating businesses was initiated.

These moves have the effect of adjusting our production capacity in light of the changing demand environment, lowering our overall cost base and streamlining our asset portfolio to focus on those businesses that provide us with a sustainable competitive advantage in their respective markets. In total we will have exited around 600,000 tonnes of high cost capacity, thereby lowering our average European cost per tonne for the related products by around 5%.This is very much in line with the Group's stated strategic objective of focusing on low cost, high quality assets and achieving cost leadership in its chosen markets.

Furthermore, steps have been taken to significantly reduce capital expenditure outside of the two major projects. This initiative is supported by the well invested nature of our asset base. Capital expenditure approvals will be limited to 40% of depreciation in 2009. The cash flow effects of this initiative started to be seen towards the end of the reporting period, with the main benefits expected to be realised in 2009 and 2010.

A special item impairment charge on the write-down of both goodwill and tangible assets amounting to €293 million was taken in the period, reflecting the weaker outlook for several of our business segments in light of the worsening macro-economic environment.

OPERATIONAL REVIEW

Europe & International Division

€ million	**2008**	2007	change %
Segment revenue	5,159	5,189	-1
- of which inter-segment revenue	155	153	+1
EBITDA	623	670	-7
Underlying operating profit	334	386	-13
Bags & Specialities	159	154	+3
Uncoated Fine Paper	126	99	+27
Corrugated	49	133	-63
Capital expenditure[1]			
-Major Projects[2]	324	40	
-Other	277	271	+2
Net segment assets	3,659	3,907	-6
Return on capital employed (%)	9.6	11.2	-14

1 Capital expenditure is cash payments and excludes business combinations.
2 Polish and Russian expansion projects which commenced in second-half of 2007.

The European business environment continues to be challenging and we remain focused on driving down costs and rationalising any remaining low quality, high cost assets. As a direct result of the slowdown in European demand, underlying operating profit was down 13% versus the prior year. The Division delivered €114 million in cost savings, with the benefits from the various rationalisation and restructuring measures a significant contributor.

Operations

In the **Bags & Specialities** business underlying operating profits for the year were up €5 million, although the second half saw profits down 33% versus the comparable period. The business benefited from higher average kraft paper and converted bag prices (up around 6%); however, volumes were soft in the second half as demand, particularly from the building industry, slowed. This decline in demand was exacerbated by an element of destocking as the supply chain adjusted to the weaker economic outlook. In response, the kraft paper business took significant market related downtime of around 100,000 tonnes in the fourth quarter (around 40% of available capacity in the quarter) to balance inventories. Industry statistics suggest the downstream bag demand was down around 9% in the last quarter versus the comparable period in the prior year. Specialities were impacted by lower volumes and margins and as a result profits were marginally below the comparable period. The results benefited modestly from the acquisition of Unterland in the second half of 2007.

In the **Uncoated Fine Paper (UFP)** business underlying operating profits were up €27 million or 27%. Whilst average selling prices were slightly up against the comparable period, volumes were impacted by the weaker trading environment in the second half and the closure of Hungary (down 4% on the prior year). Around 37,000 tonnes of commercial downtime (around 2.5% of available capacity) was taken in the year. UFP benefited from the restructuring actions announced at the end of 2007, as well as a better performance from all our mills, notably our Russian pulp and paper mill in Syktyvkar where the local market continued to experience good demand. Declining pulp prices in the second-half improved the profitability of our Austrian non-integrated paper mill.

In the **Corrugated** business, underlying operating profits were down €84 million at €49 million as costs increased and selling prices fell back following substantial increases achieved in 2007. Brown kraftliner and testliner prices were down around 5% year-on-year (on average testliner declined sharply in the second half, ending the year over 20% down on the prior year close). Whitetop kraftliner, a key open market product for the Group, was more stable with prices up around 1% year-on-year. The price declines were due to a combination of slowing demand and, towards the latter part of the year, falling input costs. Box prices, having increased in the first half, started to taper off in the second half. Results were also impacted by market related downtime in recycled containerboard (around 44,000 tonnes, representing 4% of annual capacity). The continued strength in eastern European currencies (particularly the Polish zloty) during the period served to further erode the profitability of our eastern European production base. This currency trend started to reverse towards the end of the period, although the positive financial impact will only be seen in 2009 due to the Group's rolling six-month currency hedging programme.

Our Turkish corrugated packaging subsidiary, Tire Kutsan, acquired in 2007, continues to underperform. This is mainly the result of softer demand coupled with new competitor capacity coming on-stream and the resulting impact on prices in the local market. We have taken steps to restructure the business appropriately, including streamlining the organisation and reducing headcount.

Restructuring
2008 saw significant restructuring in response to the economic downturn. In the first-half, three sheet feeder plants in the UK were sold for an enterprise value of approximately €21 million, the Nyborg specialities plant in Denmark was closed and the closure of the Szolnok UFP mill in Hungary was completed. We closed the Holcombe recycled containerboard mill in the UK (capacity 110,000 tonnes per annum) and the Zaragoza bag converting plant in Spain (capacity 55 million units) in the second half. Towards the end of the year, the sales of the 160,000 tonne per annum Niedergösgen recycled containerboard mill in Switzerland and two corrugated converting operations in France were agreed for total proceeds of approximately €22 million. Further initiatives include the announced restructuring of the Turkish corrugated business and the restructuring of the Coatings business in Finland and the UK. The total cost of these and other closure, disposal and restructuring activities, excluding impairments, is approximately €85 million and has been treated as a special item in the accounts. After the year-end we sold the St Quentin corrugated packaging plant in France and have taken the decision to mothball both the 110,000 tonnes per annum Stambolijski pulp and kraft paper mill in Bulgaria and the PM5 kraft paper machine (capacity 75,000 tonnes per annum) at our mill in Dynäs in Sweden.

Major Projects
Despite the challenging business environment, we remain committed to completing the development of our two major projects in Poland and Russia. We believe the rationale behind the development of these projects, to secure our position as cost leader in our chosen markets, is reinforced by current events.

The construction of the new 470,000 tonne recycled containerboard machine at Świecie in Poland is progressing well (total cost of €305 million). We remain on track for completion in the second half of 2009 within the budgeted cost. We anticipate that this machine will have the lowest operating costs of its type. Similarly, the related €45 million investment in the new box plant and associated infrastructure on the Świecie mill site is in progress, with start-up planned for the end of 2009.

The project to modernise our mill in Syktyvkar (total cost of €525 million) is also making good progress and we remain on track for completion within the budgeted cost by 2010. The key value drivers of this project are to improve efficiency, lower our cost base in Russia and increase energy production and revenue by selling surplus energy to the grid. In addition it will provide modest extra capacity (both pulp and paper) for the domestic market.

By the end of the period, €364 million had been spent on these two projects out of the total capital commitment of €875 million. The bulk of the remaining expenditures of €511 million are expected to be incurred in 2009, with some flowing into 2010.

South Africa Division

€ million	**2008**	2007	change %
Segment revenue	587	591	-1
- of which inter-segment revenue	285	367	-22
EBITDA	152	122	+25
Underlying operating profit	111	78	+42
Uncoated Fine Paper[1]	75	53	+42
Corrugated	36	25	+44
Capital expenditure [2]	44	23	+91
Net segment assets	760	966	-21
Return on capital employed (%)	15.9	9.5	+67

1 Includes pulp and forestry business.
2 Capital expenditure is cash payments and excludes business combinations.

The South Africa Division recorded an increase in underlying operating profits of €33 million. Profitability increased as the year progressed following a slow start, due partially to the loss of more than three weeks' production at Richards Bay (largely as a result of an extensive maintenance shut). Throughout the period substantial progress was made on the management of product mix to optimise margins as opposed to volumes, evidenced by 86,000 tonnes of commercial downtime on UFP production, otherwise destined for low margin export markets. Results towards the end of the period benefited from these product mix changes as well as selling price increases for both domestic and export sales. The Division also delivered €6 million in cost savings in the period.

In the domestic market (which represents about 37% of the Division's UFP volume), price increases during the year of around 20% were achieved. The domestic market for UFP continues to grow at around 4% per annum. Sales to Africa (which represent approximately one-quarter of the Division's UFP volume) became a major focus area, with price increases (quoted in USD) of around 10% realised during the year. The remaining UFP volume, which is destined for non-African markets, was significantly down, but margins benefited from the weaker rand.

Pulp sales volumes were up by 19%, while price increases (quoted in USD) of 15% year-on-year were achieved.

Almost 80% of the production from our corrugated operations, comprising the whitetop linerboard machine at Richards Bay, is exported. Sales levels were similar to the previous year, as global supply and demand remained in balance throughout the year. Accordingly, profits were up in the period, with export sales benefiting from the weaker rand.

A significant breakthrough was achieved in the settlement of land claims in South Africa, with the signing of a land restitution settlement whereby the first of Mondi's forestry land will be transferred to two local communities under a sale and leaseback agreement. Mondi retains ownership of the forests, which ensures security of timber supply to Mondi's operations, while meeting the needs of the land restitution process in South Africa. It is anticipated that this settlement will provide a framework for settling future forestry land claims with Mondi.

Mondi Packaging South Africa (MPSA)

€ million	**2008**	2007	change %
Segment revenue	474	419	+13
- of which inter-segment revenue	27	28	-4
EBITDA	52	53	-2
Underlying operating profit	28	35	-20
Capital expenditure [1]	38	47	-19
Net segment assets	301	335	-10
Return on capital employed (%)	8.6	13.8	-38

[1] Capital expenditure is cash payments and excludes business combinations.

Underlying operating profit was marginally up (1%) in local currency, including a full year charge for the amortisation of Lenco intangibles acquired in July 2007. The local currency performance was, however, impacted on translation into euros at the much weaker rand rate, resulting in an underlying operating profit decline of €7 million to €28 million. Demand and pricing remained positive and corrugated packaging and containerboard volumes were up 4% and 5% respectively versus the comparable period. This performance was helped by good demand from the agricultural sector. Price increases were implemented for the domestic containerboard market with effect from 1 October 2008. However, price increases lagged input cost pressures, particularly from recycled fibre. In anticipation of a softer trading environment in early 2009, the corrugated mills took market related downtime in the fourth quarter amounting to 7,000 tonnes (10% of the capacity in the quarter). The Lenco acquisition (rigid plastics manufacturer) contributed positively to profits and is now performing better after a slow start.

Progress on the execution of major projects has been good, with the Felixton rebuild commissioned on time in April 2008 and within budget. This will increase containerboard production by 45,000 tonnes per annum to 155,000 tonnes per annum. This repositions Felixton to produce lightweight recycled containerboard to serve the growing domestic market.

During the period MPSA was refinanced through a R1.0 billion cash injection from Mondi Limited which allowed for the pay down of expensive external debt. The funds were provided by way of loans and equity. As a result of the refinancing, Mondi's shareholding in the business increased from 55% to 70% with effect from 17 December 2008.

Merchant and Newsprint

€ million	**2008**	2007	change %
Segment revenue	593	591	0
- of which inter-segment revenue	1	1	0
EBITDA	24	60	-60
Underlying operating profit	7	40	-82
Capital expenditure [1]	10	18	-44
Net segment assets	196	248	-21
Return on capital employed (%)	3.3	17.3	-81

[1] Capital expenditure is cash payments and excludes business combinations.

Mondi's joint venture operation, Aylesford Newsprint (which accounted for just under half Merchant and Newsprint's 2007 full year operating profit), recorded an operating loss for the year as a result of falling selling prices, due to competition from imports, and rising energy and recycled fibre input costs. The recent weakening of sterling, together with newsprint capacity closures in Europe and North America, supported UK newsprint price increases of around 20% for 2009, which will see a return to profitability of this business. At Europapier margins came under pressure in the second half as trading was impacted by the general economic slowdown and adverse currency movements. At Mondi Shanduka Newsprint earnings were down in local currency, with volume and price increases largely eroded by cost pressures. A significantly weaker rand exchange rate exacerbated the earnings decrease on translation into euros.

Corporate and other
Net corporate costs after special items were €1 million higher than the comparable period in 2007, due mainly to the disposal of non-core businesses at the end of 2007 which contributed approximately €3 million of profits in the comparable period.

FINANCIAL REVIEW

Special items (refer to note 6 of the condensed financial statements)
In aggregate, pre-tax special items amounted to a charge of €387 million (€383 million after tax), made up as follows:

An operating special item charge of €358 million, principally comprising:

- goodwill impairment costs of €194 million;
- asset impairment costs of €99 million;
- closure and restructuring costs of €56 million; and
- charges related to demerger arrangements put in place for senior executives following the demerger from Anglo American plc in July 2007 of €9 million.

A non-operating special item charge of €29 million was recognised, which mainly comprises the loss on the sale of the Niedergösgen recycled containerboard mill in Switzerland, the two corrugated converting operations in France and three UK Corrugated sheet feeder plants.

Finance costs
Net finance charges of €159 million were €60 million higher than 2007 due to higher borrowings and average interest rates, related particularly to emerging market debt, and foreign currency charges. The latter were incurred mainly in the fourth quarter and amounted to €28 million (2007: €2 million). This was largely due to significant devaluations of various emerging market currencies (notably Turkey, the Ukraine, Mexico and Russia), resulting in foreign exchange charges being incurred on non local currency denominated loans made to our businesses in these markets. Excluding these charges, the effective cost of net debt was 7.5% for the year. (Approximately 25% of the debt is South African rand-denominated with average interest rates of 12.4% for the year).

Taxation
The effective tax rate before special items of 29% was similar to the 2007 full year rate. There is only minor tax relief on special items.

Minority interests
Minority interests for the year were €17 million lower than the comparable period, as earnings were down at the significant operations where there are non-controlling interests, particularly at Świecie in Poland within the Europe & International Division.

Cash flow and borrowings
EBITDA of €814 million in the year was 6%, or €56 million, lower than 2007, reflecting the more difficult trading environment. Cash inflows from operations of €795 million were €162 million down on the comparable period, mainly due to the lower EBITDA and lower inflows on working capital than achieved in the prior year. Cash inflow from working capital of €27 million was achieved despite a 1% increase in sales and an already strong performance in the prior year (€97 million). Indeed, since the half-year working capital inflows amounted to €153 million.

Capital expenditure of €369 million (excluding spend on the two major strategic projects of €324 million) was slightly lower than depreciation of €373 million. We have reviewed our capital expenditure plans with a view to limiting 2009 capital expenditure approvals to below 40% of depreciation. The remaining expenditure on the two major projects is estimated at €511 million, the bulk of which will be spent in 2009 with some flow through to 2010.

Spending on acquisitions completed during the year totalled €89 million (enterprise value). Acquisitions were primarily focused on the strengthening of the product mix and geographic coverage of our Bags & Specialities business.

Balance sheet and returns on invested capital
Trading capital employed at the year-end was €4,367 million, €451 million lower than 2007, mainly due to special item impairments of €293 million, foreign exchange movements of €454 million and disposals of €94 million, partially offset by capital expenditure of €816 million including business combinations (€443 million in excess of depreciation).

Return on capital employed declined from 10.6% to 9.5% as a result of reduced profitability. This return is below our target across the cycle of 13%.

Treasury and borrowings
The Group's treasury function operates within clearly defined Board-approved policies and limits, follows controlled reporting procedures and is subject to regular internal and external reviews.

Net debt at year-end of €1,690 million was €183 million higher than 2007 (only €35 million up since the end of June 2008) as the rate of capital expenditure increased on the two key capital projects in Poland and Russia. Gearing as at 31 December 2008 was 38.7%, and the net debt to EBITDA ratio was 2.1.

Group liquidity is provided through a range of committed debt facilities of €2.8 billion, which are in excess of the Group's short-term needs. The principal debt facilities are a €1.55 billion, 5 year, syndicated revolving credit facility, and a R2.0 billion (€152 million) 3 year amortising term loan maturing in 2010. Despite the unfavourable banking environment in 2008 the Group secured additional long-term facilities to assist in funding its two major investment projects; a €174 million, 11 year amortising facility from Export Credit Agencies was signed to part fund the investment in Russia; and a €140 million, 9 year facility from the European Investment Bank was arranged to fund the investment in Poland. Additionally, R1 billion (€76 million) of new facilities were arranged in South Africa with a 3 year maturity. The average maturity of the committed debt facilities is 3.4 years (versus 3.5 years in 2007). Drawn facilities maturing over the next 12 months amount to €371 million. We would expect the majority of these facilities to be renewed, but to the extent they are not they will be financed out of existing undrawn committed facilities (nearly €1.1 billion at year-end).

PRINCIPAL RISKS AND UNCERTAINTIES

It is in the nature of our business that Mondi is exposed to risks and uncertainties which may have an impact on future performance and financial results, as well as upon our ability to meet certain social and environmental objectives. The Group believes that it has effective systems and controls in place to manage the key risks identified below.

Mondi operates in a highly competitive environment
The markets for paper and packaging products are highly competitive. Similarly, prices of Mondi's key paper grades have experienced substantial fluctuations in the past. However, Mondi is flexible and responsive to changing market and operating conditions and the Group's geographic and product diversification provides some measure of protection. Uncertain future trading conditions may have an impact on the carrying value of goodwill and tangible assets and may result in further restructuring activities.

Input costs are subject to significant fluctuations
Materials, energy and consumables used by Mondi include significant amounts of wood, pulp, recovered paper, packaging papers and chemicals. Increases in the costs of any of these raw materials, or any difficulties in procuring wood in certain countries, could have an adverse effect on Mondi's business, operational performance or financial condition. However, Mondi's focus on operational performance, and relatively high level of integration and access to its own fibre in Russia and South Africa, act to mitigate these risks. It is also anticipated that the recent settlement of land claims in South Africa will provide a framework for settling future forestry land claims with Mondi.

Significant capital investments including acquisitions carry project risk
Mondi is in the process of completing two significant capital investments to expand and upgrade existing facilities in Poland and Russia. These projects carry risks and Mondi has put in place dedicated teams to ensure delivery of the projects on time and within budget.

Going Concern
The current economic conditions will impact short-term demand growth for our products, as well as place pressure on both customers and suppliers which may face liquidity issues, and could have an adverse impact on Mondi's business. Furthermore, the lack of credit availability could impact the Group's ability to effectively execute its strategy. However, Mondi's geographic spread, product diversity and large customer base mitigate these risks. The proactive initiatives by management in rationalising the business through cost-cutting, asset closures and divestitures have consolidated the Group's leading cost position in its chosen markets. Working capital as a percentage of sales has reduced and capital expenditure programmes have been reduced.

The Group meets its funding requirements through two principal loan facilities, being a €1.55 billion, 5 year, syndicated revolving credit facility expiring in June 2012, and a R2 billion (€152 million) 3 year amortising term loan maturing in May 2010. The availability of these facilities is dependent upon the Group meeting certain financing covenants, most significantly an EBITDA to net debt ratio of 3.5. At the year end this ratio was 2.1. Mondi had nearly €1.1 billion of undrawn committed debt facilities as at 31 December 2008 with an average maturity of 4.0 years, which should provide sufficient liquidity for Mondi in the medium term.
The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of its current facility and the related covenants.

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook.

After making 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.

BOARD

Paul Hollingworth stepped down from the Boards as chief financial officer during the fourth quarter. The Boards of Mondi would like to thank Paul for his significant contribution to the Group and also for his work in helping to establish Mondi as a separate listed Group following its demerger from Anglo American plc. We are pleased that we have an excellent replacement, Andrew King, who has worked for Mondi for seven years, latterly as Group strategy and business development director. Andrew King joined the Boards as chief financial officer on 23 October 2008 and is based in South Africa.

DIVIDEND

The Boards recognise the importance of dividends to shareholders. Mondi remains well financed, with healthy operating cashflows and a strong balance sheet. However, given the continued uncertain economic outlook and lack of liquidity in the financial markets, it is proposed to pay a reduced full year dividend which remains in line with the targeted dividend cover range of two to three times.

Accordingly, the boards of Mondi Limited and Mondi plc have recommended a final dividend of 5.0 euro cents per share, payable on 20 May 2009 to shareholders on the register at 24 April 2009. An equivalent final dividend will be paid in South African rand on the same terms. Together with the interim dividend paid in September 2008 of 7.7 euro cents per share, this gives a full year dividend of 12.7 euro cents per share.

MAINTAINING OUR COMPETITIVE ADVANTAGE

We believe that our strategy remains valid especially in the current economic environment. Leading market positions, low cost operations and a robust focus on performance have always been key elements of that strategy and in today's challenging economic times its benefits will be even more pronounced.

Building on market leadership
At a time of global uncertainty in our industry, we believe it is more important than ever that we continue to strengthen our leading positions in packaging and UFP, particularly in emerging markets. These markets will not be immune to recession, as we indicated at the end of last year, but they continue to offer above-average long-term growth potential.

Remaining a low cost producer
We are committed to delivering superior returns, above the average of our competitors, and this commitment is undiminished by the difficult trading conditions. The value of having much of our production in some of the world's lowest-cost regions is a significant benefit when volumes and selling prices are under pressure.

Our high level of vertical integration in the supply chain, combining low-cost upstream assets with low-cost production, gives us good security of supply and greatly reduces our exposure to volatility in raw material prices.

Sharpening focus on performance
The requirement for continuous productivity improvements and cost reduction is imperative in our business. Our highly-experienced management teams have implemented a continuous series of business excellence programmes in recent years and rigorous asset management is second nature for everyone in our operations. This unwavering emphasis on cost control and operational performance has never been more important than in the current economic climate and we target further cost reductions of €180 million in 2009.

CURRENT YEAR OUTLOOK

Given the level of global economic uncertainty that emerged in the latter part of 2008, the outlook inevitably remains challenging. However Mondi's strong financial position, our low cost, high quality asset base and our quick and decisive response to rapidly changing economic events leave us well positioned to benefit when market conditions improve. As such, the Boards remain confident in the medium and long-term prospects for the Group.

Condensed combined and consolidated income statement
for the year ended 31 December 2008

€ million	Notes	2008 Before special items	2008 Special items (note 6)	2008 After special items	2007 Before special items	2007 Special items (note 6)	2007 After special items
Group revenue	4	**6,345**	**-**	**6,345**	6,269	-	6,269
Materials, energy and consumables used		(3,384)	-	(3,384)	(3,265)	-	(3,265)
Variable selling expenses		(542)	-	(542)	(558)	-	(558)
Gross margin		**2,419**	**-**	**2,419**	2,446	-	2,446
Maintenance and other indirect expenses		(300)	-	(300)	(289)	-	(289)
Personnel costs		(926)	(41)	(967)	(906)	(17)	(923)
Other net operating expenses		(379)	(24)	(403)	(381)	-	(381)
Depreciation, amortisation and impairments		(373)	(293)	(666)	(368)	(60)	(428)
Operating profit/(loss) from subsidiaries and joint ventures	4	**441**	**(358)**	**83**	502	(77)	425
Net (loss)/profit on disposals	6	-	(27)	(27)	-	83	83
Impairment of assets held for sale	6	-	(2)	(2)	-	-	-
Net income from associates		2	-	2	2	-	2
Total profit/(loss) from operations and associates		**443**	**(387)**	**56**	504	6	510
Investment income		15	-	15	44	-	44
Interest expense		(174)	-	(174)	(143)	(29)	(172)
Net finance costs	7	**(159)**	**-**	**(159)**	(99)	(29)	(128)
Profit/(loss) before tax		**284**	**(387)**	**(103)**	405	(23)	382
Taxation (charge)/credit	8	(82)	4	(78)	(117)	15	(102)
Profit/(loss) from continuing operations	5	**202**	**(383)**	**(181)**	288	(8)	280
Attributable to:							
Minority interests		**30**	**-**	**30**	47	-	47
Equity holders		**172**	**(383)**	**(211)**	241	(8)	233
Earnings per share (EPS) for (loss)/profit attributable to equity holders							
Basic EPS (€ cents)	10			**(41.6)**			45.4
Diluted EPS (€ cents)	10			**(41.6)**			45.1
Basic underlying EPS (€ cents)	10			**33.9**			46.9
Diluted underlying EPS (€ cents)	10			**33.4**			46.7
Basic headline EPS (€ cents)	10			**20.3**			39.5
Diluted headline EPS (€ cents)	10			**20.0**			39.3

There were no discontinued operations in either of the years presented.

Condensed combined and consolidated balance sheet

as at 31 December 2008

€ million	Notes	**2008**	2007
Intangible assets		323	520
Property, plant and equipment		3,611	3,731
Forestry assets		214	224
Investments in associates		5	6
Financial asset investments		19	25
Deferred tax assets		36	32
Retirement benefits surplus		-	11
Total non-current assets		**4,208**	4,549
Inventories		684	760
Trade and other receivables		1,104	1,304
Current tax assets		32	52
Cash and cash equivalents		155	180
Derivative financial instruments		73	17
Total current assets		**2,048**	2,313
Assets held for sale		5	-
Total assets		**6,261**	6,862
Short-term borrowings		(378)	(453)
Trade and other payables		(1,035)	(1,150)
Current tax liabilities		(53)	(81)
Provisions		(25)	(14)
Derivative financial instruments		(38)	(3)
Total current liabilities		**(1,529)**	(1,701)
Medium and long-term borrowings		(1,467)	(1,234)
Retirement benefits obligation		(182)	(200)
Deferred tax liabilities		(292)	(322)
Provisions		(39)	(50)
Other non-current liabilities		(14)	(17)
Derivative financial instruments		(39)	(2)
Total non-current liabilities		**(2,033)**	(1,825)
Liabilities directly associated with assets classified as held for sale		(3)	-
Total liabilities		**(3,565)**	(3,526)
Net assets	4	**2,696**	3,336
Equity			
Ordinary share capital	11/13	114	114
Share premium	11/13	532	532
Retained earnings and other reserves	11	1,677	2,317
Total attributable to equity holders		**2,323**	2,963
Minority interest in equity		373	373
Total equity		**2,696**	3,336

Condensed combined and consolidated cash flow statement
for the year ended 31 December 2008

€ million	Notes	**2008**	2007
Cash inflows from operations	15a	795	957
Dividends from associates		2	1
Income tax paid		(71)	(93)
Net cash inflows generated from operating activities		**726**	865
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents	14	(49)	(193)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents		17	112
Proceeds from disposal of associates		-	54
Purchases of property, plant and equipment	15f	(693)	(406)
Proceeds from the disposal of property, plant and equipment		29	17
Investment in forestry assets		(43)	(41)
Purchases of financial asset investments		(2)	(2)
Purchase of intangible assets		(7)	(4)
Proceeds from the sale of financial asset investments		1	2
Loan repayments from related parties		1	15
Interest received		28	18
Other investing activities		8	(6)
Net cash used in investing activities		**(710)**	(434)
Cash flows from financing activities			
Repayment of short-term borrowings	15c	(214)	(945)
Proceeds from medium and long-term borrowings	15c	543	564
Interest paid		(169)	(139)
Dividends paid to minority interests		(20)	(47)
Dividends paid to equity holders	9	(118)	(38)
Dividends paid to Anglo American plc group companies		-	(202)
Increase in Anglo American plc invested capital		-	120
Purchase of treasury shares		(15)	(33)
Other financing activities		1	3
Net cash used in financing activities		**8**	(717)
Net decrease in cash and cash equivalents		**24**	(286)
Cash and cash equivalents at start of year[1]		59	358
Cash movement in the year	15c	24	(286)
Cash acquired through business combinations	15c	3	-
Reclassifications	15c	(2)	(3)
Effects of changes in foreign exchange rates	15c	(9)	(10)
Cash and cash equivalents at end of year[1]	15b	**75**	59

Note:

[1] *'Cash and cash equivalents' includes overdrafts and cash flows from disposal groups and is reconciled to the balance sheet in note 15b.*

Condensed combined and consolidated statement of recognised income and expense

for the year ended 31 December 2008

€ million	**2008**	2007
Fair value losses accreted on cash flow hedges, net of amounts recycled to the combined and consolidated income statement	(39)	(3)
Actuarial (losses)/gains on post-retirement benefit schemes	(14)	12
Fair value losses on available for sale investments	(1)	(1)
Exchange gains on demerger	-	9
Exchange losses on translation of foreign operations	(248)	(71)
Other movements	-	(1)
Total expense recognised directly in equity[1]	**(302)**	(55)
(Loss)/profit for the year	(181)	280
Total recognised income and expense for the year	**(483)**	225
Attributable to:		
Minority interests	**26**	56
Equity holders of the parent companies	**(509)**	169

Note:

[1] *Net of related tax.*

Notes to the condensed combined and consolidated financial statements

1 Basis of preparation

The condensed financial information included in this preliminary announcement has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and have been prepared in accordance with IAS34, 'Interim Financial Reporting'. There are no differences for the Group in applying IFRS as issued by the IASB and the European Union (EU) and therefore the Group also complies with IFRS as endorsed by the EU.

Dual listed structure
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 under IFRS.

Pre-demerger
During the period up to 2 July 2007 (the 'pre-demerger period'), the Group did not form a separate legal group. 'The Anglo American plc investment in the Group' is therefore presented for the pre-demerger period, representing the aggregated share capital, share premium and reserve balances of the Group's constituent entities, together with debtor and creditor balances held in respect of the Anglo American group and deemed to be equity funding in nature. Any interest accruing on such balances is classified as a dividend in specie and recorded separately through reserves, not through the condensed combined and consolidated income statement.

The financial information set out does not constitue the Group's statutory accounts for the year ended 31 December 2008, but is derived from those accounts. Statutory accounts for 2008 will be delivered to the Registrar of Companies following the Group's annual general meeting on 7 May 2009. The auditors have reported on those accounts; their reports were unqualified and did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under s237 (2) or (3) of the UK Companies Act 1985. 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, presentation and measurement principles have been followed in the condensed combined and consolidated financial statements as applied in the Group's audited financial information for the year ended 31 December 2007.

3 Seasonality

The seasonality and cyclicality of the Group's operations do not impact significantly on the condensed combined and consolidated financial statements.

4 Segmental information

Based on the risks and returns of the Mondi Group, the Boards consider the primary reporting format is by business segment and the secondary reporting format is by geographical segment.

Primary reporting format – by business segment

€ million	2008 Segment revenue	2008 Inter-segment revenue[1]	2008 Group revenue	2007 Segment revenue	2007 Inter-segment revenue[1]	2007 Group revenue
Europe & International						
Bags & Specialities	2,138	(22)	2,116	2,005	(19)	1,986
Uncoated Fine Paper	1,565	(174)	1,391	1,666	(177)	1,489
Corrugated	1,555	(58)	1,497	1,616	(55)	1,561
Intra-segment elimination	(99)	99	-	(98)	98	-
Sub-total	5,159	(155)	5,004	5,189	(153)	5,036
South Africa						
Uncoated Fine Paper	474	(174)	300	491	(267)	224
Corrugated	134	(132)	2	125	(125)	-
Intra-segment elimination	(21)	21	-	(25)	25	-
Sub-total	587	(285)	302	591	(367)	224
Mondi Packaging South Africa	474	(27)	447	419	(28)	391
Merchant and Newsprint businesses	593	(1)	592	591	(1)	590
Corporate and other businesses	-	-	-	28	-	28
Inter-segment revenue	(468)	468	-	(549)	549	-
Total	**6,345**	**-**	**6,345**	6,269	-	6,269

€ million	Segment operating profit before special items[2] 2008	Segment operating profit before special items[2] 2007	Segment operating profit/(loss) after special items[2] 2008	Segment operating profit/(loss) after special items[2] 2007
Europe & International				
Bags & Specialities	159	154	(58)	153
Uncoated Fine Paper	126	99	98	36
Corrugated	49	133	(62)	128
Sub-total	334	386	(22)	317
South Africa				
Uncoated Fine Paper	75	53	75	48
Corrugated	36	25	36	25
Sub-total	111	78	111	73
Mondi Packaging South Africa	28	35	28	35
Merchant and Newsprint businesses	7	40	7	40
Corporate and other businesses	(39)	(37)	(41)	(40)
Total	**441**	502	**83**	425

Notes:

1 *Inter-segment transactions are conducted on an arm's length basis.*

2 *Segment result is defined as being segment revenue less segment expense; that is operating profit and fair value gains/(losses) that have been recycled to the combined and consolidated income statement on cash flow hedges of operating transactions. There are no material inter-segment transfers or transactions that would affect the segment result.*

The segment result before special items, as shown above, is reconciled to 'Profit from continuing operations' in the Group's combined and consolidated income statement as follows:

€ million	**2008**	2007
Operating profit before special items and associates' net income	**441**	502
Operating special items (see note 6)		
Subsidiaries and joint ventures:	(358)	(77)
Europe & International	(356)	(69)
South Africa	-	(5)
Corporate and other businesses	(2)	(3)
Operating profit after special items and before associates' net income	**83**	425
Net (loss)/profit on disposal of subsidiaries and associates	**(27)**	83
Impairment of assets held for sale	**(2)**	-
Net income from associates	**2**	2
Total profit from operations and associates	**56**	510
Net finance costs	(159)	(128)
Profit before tax	**(103)**	382
Taxation charge	(78)	(102)
Group (loss)/profit from continuing operations	**(181)**	280

Primary segment disclosures for segment assets, liabilities and capital expenditure are as follows:

€ million	Segment assets[1] 2008	Segment assets[1] 2007	Segment liabilities[2] 2008	Segment liabilities[2] 2007	Net segment assets 2008	Net segment assets 2007	Capital expenditure[3] 2008	Capital expenditure[3] 2007
Europe & International								
Bags & Specialities	1,632	1,851	(315)	(305)	1,317	1,546	185	169
Uncoated Fine Paper	1,589	1,491	(177)	(203)	1,412	1,288	284	101
Corrugated	1,171	1,389	(241)	(316)	930	1,073	246	261
Intra-segment elimination	(76)	(45)	76	45	-	-	-	-
Sub-total	4,316	4,686	(657)	(779)	3,659	3,907	715	531
South Africa								
Uncoated Fine Paper	720	913	(80)	(100)	640	813	40	24
Corrugated	139	165	(19)	(12)	120	153	6	2
Intra-segment elimination	(2)	(4)	2	4	-	-	-	-
Sub-total	857	1,074	(97)	(108)	760	966	46	26
Mondi Packaging South Africa	371	426	(70)	(92)	301	334	44	156
Merchant and Newsprint businesses	283	337	(87)	(90)	196	247	11	18
Corporate and other businesses	13	12	(3)	(14)	10	(2)	-	5
Inter-segment elimination	(101)	(157)	101	157	-	-	-	-
Segments total	**5,739**	6,378	**(813)**	(926)	**4,926**	5,452	816	736
Unallocated:								
Investment in associates	5	6	-	-	5	6		
Deferred tax assets/(liabilities)	36	32	(292)	(322)	(256)	(290)		
Other non-operating assets/(liabilities) [4]	307	241	(615)	(591)	(308)	(350)		
Group trading capital employed	**6,087**	6,657	**(1,720)**	(1,839)	**4,367**	4,818		
Financial asset investments	19	25	-	-	19	25		
Net debt[5]	155	180	(1,845)	(1,687)	(1,690)	(1,507)		
Group net assets	**6,261**	6,862	**(3,565)**	(3,526)	**2,696**	3,336		

Notes:

1 *Segment assets are operating assets and at 31 December 2008 consist of property, plant and equipment of €3,611 million (2007: €3,731 million), intangible assets of €323 million (2007: €520 million), forestry assets of €214 million (2007: €224 million), retirement benefits surplus of €nil (2007: €11 million), inventories of €684 million (2007: €760 million) and operating receivables of €907 million (2007: €1,132 million).*

2 *Segment liabilities are operating liabilities and at 31 December 2008 consist of non-interest bearing current liabilities of €619 million (2007: €711 million), provisions of €12 million (2007: €15 million) and provisions for post-retirement benefits of €182 million (2007: €200 million).*

3 *Capital expenditure reflects cash payments and accruals in respect of additions to property, plant and equipment and intangible assets of €761 million (2007: €429 million) and includes additions resulting from acquisitions through business combinations of €55 million (2007: €307 million).*

4 *Other non-operating assets consist of derivative assets of €73 million (2007: €17 million), current income tax receivables of €32 million (2007: €52 million), other non-operating receivables of €197 million (2007: €173 million) and assets held for sale of €5 million (2007: €nil million). Other non-operating liabilities consist of derivative liabilities of €77 million (2007: €5 million), non-operating provisions of €52 million (2007: €49 million), current income tax liabilities of €53 million (2007: €81 million), other non-operating liabilities of €430 million (2007: €456 million) and liabilities directly associated with assets held for sale of €3 million (2007: €nil million).*

5 *Overdrafts of €80 million (2007: €121 million) are included in borrowings.*

Primary segment disclosures for depreciation, amortisation and impairments are as follows:

€ million	Depreciation and amortisation 2008	Depreciation and amortisation 2007	Impairments 2008	Impairments 2007
Europe & International				
Bags & Specialities	113	106	190	-
Uncoated Fine Paper	94	104	1	57
Corrugated	82	75	102	-
Sub-total	289	285	293	57
South Africa				
Uncoated Fine Paper	34	34	-	4
Corrugated	7	10	-	-
Sub-total	41	44	-	4
Mondi Packaging South Africa	25	18	-	-
Merchant and Newsprint businesses	17	20	-	-
Corporate and other businesses	1	2	-	-
Total	**373**	368	**293**	61

Secondary reporting format – by geographical segment

The Group's geographical analysis of revenue, allocated based on the country in which the customer is located, is presented as follows.

€ million	Revenue 2008	Revenue 2007
Subsidiaries and joint ventures		
South Africa	616	618
Rest of Africa	251	213
Western Europe	2,932	3,162
Eastern Europe	1,326	1,148
Russia	430	421
North America	183	194
South America	31	29
Asia and Australia	576	484
Total	**6,345**	6,269

Additional disclosure of secondary segmental information of revenue by origin is presented as follows:

€ million	Revenue 2008	Revenue 2007
Subsidiaries and joint ventures		
South Africa	1,015	995
Rest of Africa	15	12
Western Europe	2,772	2,840
Eastern Europe	1,691	1,615
Russia	569	546
North America	120	121
Asia and Australia	163	140
Total	**6,345**	6,269

The Group's geographical analysis of segment assets, liabilities and capital expenditure, allocated based on where assets and liabilities are located, is presented as follows:

	Segment assets		Segment liabilities		Net segment assets		Capital expenditure	
€ million	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Subsidiaries and joint ventures								
South Africa	1,195	1,444	(152)	(139)	1,043	1,305	92	186
Rest of Africa	11	19	(1)	(5)	10	14	1	1
Western Europe	1,993	2,376	(392)	(546)	1,601	1,830	96	208
Eastern Europe	1,700	1,855	(190)	(144)	1,510	1,711	357	263
Russia	618	446	(33)	(27)	585	419	263	65
North America	86	112	(11)	(20)	75	92	2	3
Asia and Australia	136	126	(34)	(45)	102	81	5	10
Total	**5,739**	6,378	**(813)**	(926)	**4,926**	5,452	**816**	736

5 (Loss)/profit from continuing operations

€ million	**2008**	2007
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	364	363
Amortisation of intangible assets	9	5
Rentals under operating leases	71	31
Research and development expenditure	10	9
Restructuring/closure costs (excluding special items)	7	28
Operating special items (see note 6)	358	77
Net foreign currency (gains)/losses	(7)	4
Green energy sales and disposal of emissions credits	(53)	(42)
Fair value gains on forestry assets	(46)	(32)
Felling costs	43	51
(Profit)/loss on disposal of property, plant and equipment	(6)	1

6 Special items

€ million	**2008**	2007
Operating special items		
Asset impairments		
Bags & Specialities (Europe & International)	(70)	-
Uncoated Fine Paper (Europe & International)	(1)	(57)
Uncoated Fine Paper (South Africa)	-	(4)
Corrugated (Europe & International)	(28)	-
Total asset impairments	**(99)**	(61)
Restructuring and closure costs		
Bags & Specialities (Europe & International)	(8)	-
Uncoated Fine Paper (Europe & International)	(15)	-
Corrugated (Europe & International)	(1)	-
Total restructuring and closure costs	**(24)**	-
Goodwill impairments		
Bags & Specialities (Europe & International)	(120)	-
Corrugated (Europe & International)	(74)	-
Total goodwill impairments	**(194)**	-
Mondi Packaging South Africa negative goodwill	-	1
Demerger arrangements	(9)	(9)
Personnel costs relating to restructuring		
Bags & Specialities (Europe & International)	(18)	-
Uncoated Fine Paper (Europe & International)	(8)	-
Corrugated (Europe & International)	(6)	-
Accelerated charge on Anglo American plc share-based award schemes	-	(8)
Total operating special items	**(358)**	(77)
(Loss)/profit on disposals		
Disposal of Niedergosgen	(16)	-
Disposal of Mondi Packaging Emball SAS	(8)	-
Disposal of UK Sheetfeeders	(3)	-
Disposal of partial interest in Mondi Packaging Paper Swiecie S.A.	-	57
Disposal of Bischof + Klein GmbH	-	19
Sale of other businesses	-	7
Net (loss)/profit on disposal	**(27)**	83
Asset impairment of assets held for sale	(2)	-
Financing cost	-	(29)
Total non-operating special items	**(29)**	54
Total special items before tax and minority interests	**(387)**	(23)
Taxation	4	15
Total special items attributable to equity holders	**(383)**	(8)

Year ended 31 December 2008

Operating special items

The sharp decline in demand experienced in a number of markets, together with the recognition that we are entering a prolonged global economic slowdown has resulted in management taking a number of actions.

Bags & Specialities

Significant market related down time has been taken due to overcapacity created by a significant slowdown in demand. Various restructuring initiatives have been implemented in response to the lower demand environment. As a result the Group has incurred restructuring and closure costs of €26 million, and asset impairment costs of €70 million. Management has also impaired goodwill by €120 million.

Uncoated Fine Paper

Management has closed and restructured operations resulting in costs of €23 million, and asset impairment costs of €1 million.

Corrugated

Given the continued difficult trading conditions in the Corrugated Packaging sector Mondi responded by closing, or restructuring, certain high cost operations. This has resulted in restructuring and closure costs of €7 million and asset impairment costs of €28 million. The business has suffered from price erosion due to a combination of overcapacity and slowing demand, and has impaired goodwill of €74 million.

Demerger arrangements

Equity settled demerger arrangements for senior management have also resulted in additional share based payments of €9 million. It is expected that a further and final €5 million will be incurred by the Group in respect of senior management demerger arrangements over the period ending 3 July 2009.

Non-operating special items

The Group disposed of 100% of its interest in Niedergosgen on 31 December 2008 for a consideration of approximately €19 million at a loss on disposal of €16 million. The Group also disposed of its interest in Mondi Packaging Emball SAS for a consideration of approximately €4 million at a loss of €8 million on 1 December 2008 and UK Sheetfeeders for a consideration of approximately €21 million at a loss of €3 million on 12 May 2008. The Group impaired the €2 million assets of Ile de France that is reflected as held for sale on the balance sheet.

7 Net finance costs

Net finance costs and related foreign exchange gains/(losses) are presented below:

€ million	**2008**	2007
Investment income		
Interest income		
Bank deposits, loan receivables and other	22	22
Available for sale investments	-	1
Past due receivables	1	1
Total interest income	23	24
Expected return on defined benefit arrangements	20	22
Foreign currency losses	(28)	(2)
Impairment of financial assets (excluding trade receivables)	(1)	-
Other financial income	1	-
Total investment income	**15**	44
Financing costs		
Interest expense		
Interest on bank overdrafts and loans	(169)	(119)
Interest on obligations under finance leases	(1)	(1)
Interest on defined benefit arrangements	(28)	(28)
Total interest expense	(198)	(148)
Other		
Net gains on held for trading interest rate swaps	-	2
Net losses arising on derivatives in a designated fair value hedge accounting relationship	-	(1)
Total other	-	1
Less: interest capitalised	24	4
Total financing costs prior to special items	**(174)**	(143)
Special items financing cost (see note 6)	**-**	(29)
Total financing costs after special items	**(174)**	(172)
Net finance costs	**(159)**	(128)

The weighted average interest rate applicable to interest on general borrowings capitalised for the year ended 31 December 2008 is 13.0% (2007: 8.4%) mainly related to loans in Russia and Poland.

8 Taxation charge

Analysis of charge for the year from continuing operations

€ million	**2008**	**2007**
UK corporation tax at 28.5% (2007: 30%)	(5)	(1)
Overseas taxation	66	89
Current tax (excluding tax on special items)	**61**	88
Deferred tax in respect of the current period (excluding tax on special items)	30	29
Deferred tax in respect of prior period over provision	(9)	-
Total tax charge before special items	**82**	117
Current tax on special items	(2)	(1)
Deferred tax on special items	(2)	(14)
Total tax credit on special items	**(4)**	(15)
Total tax charge	**78**	102

The Group's effective rate of taxation before special items for the year ended 31 December 2008, which includes taxation on net income from associates, is 29% (2007: 29%).

9 Dividends

Dividend payments

An interim dividend for the year ended 31 December 2008 of 88.68113 rand cents / 7.7 euro cents per share was paid on 16 September 2008 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 29 August 2008.

A proposed final dividend for the year ended 31 December 2008 of 5.0 euro cents per share will be paid on 20 May 2009 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 24 April 2009. 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 7 May 2009.

Dividend timetable

The proposed final dividend for the year ended 31 December 2008 will be paid in accordance with the following timetable:

	Mondi Limited	Mondi plc
Last date to trade shares cum-dividend		
JSE Limited	17 April 2009	17 April 2009
London Stock Exchange	Not applicable	21 April 2009
Shares commence trading ex-dividend		
JSE Limited	20 April 2009	20 April 2009
London Stock Exchange	Not applicable	22 April 2009
Record date		
JSE Limited	24 April 2009	24 April 2009
London Stock Exchange	Not applicable	24 April 2009
Last date for Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	5 May 2009	5 May 2009
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	6 May 2009	6 May 2009
Payment Date		
South African Register	20 May 2009	20 May 2009
UK Register	Not applicable	20 May 2009
Depositary Interest Holders (dematerialised DIs)	26 May 2009	Not applicable

Holders within the Equiniti Corporate Nominee	28 May 2009	Not applicable
Currency conversion date		
ZAR/euro	26 February 2009	26 February 2009
Euro/sterling	Not applicable	11 May 2009
DRIP purchase settlement dates	27 May 2009	26 May 2009*

*27 May 2009 for Mondi plc South African branch register shareholders.

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 20 April 2009 and 24 April 2009, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 15 April 2009 and 24 April 2009, both dates inclusive.

In the event South African National Elections are confirmed for 22 April 2009, a public holiday may be declared and the above dividend timetable would be impacted. In such instance, Mondi would likely bring the Mondi Limited and Mondi plc South African branch register cum-dividend dates forward by one day to 16 April 2009, with the respective ex-dividend dates being changed to 17 April 2009. The record and payment dates would remain as stated above.

10 Earnings per share

For 2007, the Group was not a stand-alone entity prior to the demerger date on 2 July 2007. The number of ordinary shares issued on admission was retrospectively applied to the comparative period, so that a meaningful comparison can be made.

€ cents per share	**2008**	2007
(Loss)/profit for the financial year attributable to equity-holders		
Basic EPS	**(41.6)**	45.4
Diluted EPS	**(41.6)**[3]	45.1
Underlying earnings for the financial year[1]		
Basic EPS	**33.9**	46.9
Diluted EPS	**33.4**	46.7
Headline earnings for the financial year[2]		
Basic EPS	**20.3**	39.5
Diluted EPS	**20.0**	39.3

Notes:

[1] *The Boards believe that underlying EPS provides a useful additional non-GAAP measure of the Group's underlying performance. Underlying EPS excludes the impact of special items.*

[2] *The presentation of Headline EPS is mandated under the JSE Listings Requirements. Headline earnings has been calculated in accordance with Circular8/2007, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants. Please see the reconciliation presented below.*

[3] *Diluted EPS is consistent with Basic EPS as the impact of potential ordinary shares is anti-dilutive.*

The calculation of basic and diluted EPS, basic and diluted underlying EPS, and basic and diluted Headline EPS is based on the following data.

€ million	Earnings **2008**	2007
(Loss)/profit for the financial year attributable to equity holders	**(211)**	233
Special items: operating	358	77
Net loss/(profit) on disposals	27	(83)
Impairment of assets held for sale	2	-
Special items: financing costs	-	29
Related tax	(4)	(15)
Underlying earnings	**172**	241
(Profit)/loss on disposal of tangible fixed assets	(6)	1
Special items: financing costs	-	(29)
Special items: demerger arrangements	(9)	(9)
Special items: accelerated charges on exiting Anglo American plc share and option schemes	-	(8)
Special items: Restructuring and closure cost	(56)	-
Related tax	2	7
Headline earnings	**103**	203

million	Number of shares **2008**	2007
Basic number of ordinary shares outstanding[1]	**507**	513
Effect of dilutive potential ordinary shares[2]	8	4
Diluted number of ordinary shares outstanding	**515**	517

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.*

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.*

11 Reconciliation of movement in combined and consolidated equity

2008/*€ million*	Mondi Limited share capital	Mondi Limited share premium	Mondi plc share capital	Combined share capital and share premium	Retained earnings	Other reserves[1]	Total equity attributable to equity holders
	Share capital						
At 1 January	11	532	103	646	2,154	163	2,963
Final dividend – 2007	-	-	-	-	(80)	-	(80)
Interim dividend – 2008	-	-	-	-	(38)	-	(38)
Retained loss	-	-	-	-	(211)	-	(211)
Issue of shares under employee share schemes	-	-	-	-	7	(7)	-
Purchase of treasury shares[2]	-	-	-	-	(15)	-	(15)
Share options exercised – Anglo American share scheme	-	-	-	-	(3)	-	(3)
Disposal of business	-	-	-	-	(1)	-	(1)
Minority share dilution	-	-	-	-	(4)	-	(4)
Other	-	-	-	-	-	(288)	(288)
At 31 December	**11**	**532**	**103**	**646**	**1,809**	**(132)**	**2,323**

Notes:

[1] *Other reserves are further analysed below.*

[2] *The treasury shares purchased represents the cost of shares in Mondi plc and Mondi Limited purchased in the market and held by the Mondi Employee Share Trust and the Mondi Incentive Schemes Trust respectively to satisfy options under the Group's share options schemes. The number of ordinary shares held by the Mondi Employee Share Trust and the Mondi Incentive Schemes Trust at 31 December 2008 was 7,943,115 and 115,000 shares respectively (2007: 5,820,232 and nil respectively) at an average price of €3.95 and R47.51 per share respectively (2007: €4.08 and Rnil per share respectively).*

2007/*€ million*	Anglo investment in Mondi Group	Mondi Limited share capital	Mondi Limited share premium	Mondi plc share capital	Combined share capital and share premium	Retained earnings	Other reserves[1]	Total equity attributable to equity holders
			Share capital					
At 1 January – as restated	1,899	-	-	-	1,899	1,100	(33)	2,966
Anglo American plc contribution	120	-	-	-	120	-	-	120
Dividend *in specie*[2]	32	-	-	-	32	(32)	-	-
Dividends paid to Anglo American plc	-	-	-	-	-	(202)	-	(202)
Retained profit pre-demerger	-	-	-	-	-	164	-	164
Termination of Anglo American plc equity interest	(2,051)	3	540	-	(1,508)	(832)	2,411	71
Dividend *in specie* to Anglo American plc shareholders	-	-	-	2,938	2,938	-	(2,938)	-
Share issue expenses	-	-	-	-	-	(74)	-	(74)
Share capital reduction	-	-	-	(2,864)	(2,864)	2,864	-	-
Dividend *in specie* to Mondi plc shareholders	-	-	-	-	-	(794)	794	-
Issue of special converting shares	-	8	(8)	29	29	(29)	-	-
Interim dividend	-	-	-	-	-	(38)	-	(38)
Purchase of treasury shares[3]	-	-	-	-	-	(33)	-	(33)
Post-demerger retained profit	-	-	-	-	-	68	-	68
Share-based payments transfer	-	-	-	-	-	(8)	-	(8)
Other	-	-	-	-	-	-	(71)	(71)
At 31 December	-	11	532	103	646	2,154	163	2,963

Notes:

[1] *Other reserves are further analysed below.*

[2] *The dividend in specie represents interest accrued to Anglo American plc during the period ended 3 July 2007 on a loan instrument classified as equity under IAS 32, 'Financial Instruments: Presentation'. On demerger from Anglo American plc, the Group's obligation under this loan instrument ceased.*

[3] *The treasury shares purchased represents the cost of shares in Mondi plc and Mondi Limited purchased in the market and held by the Mondi Employee Share Trust and the Mondi Incentive Schemes Trust respectively to satisfy options under the Group's share options schemes. The number of ordinary shares held by the Mondi Employee Share Trust and the Mondi Incentive Schemes Trust at 31 December 2007 was 5,820,232 and nil shares respectively at an average price of €4.08 and Rnil per share respectively.*

2008/*€ million*	**Share-based payment reserve**	**Cumulative translation adjustment reserve**	**Available for sale reserve**	**Cash flow hedge reserve**	**Post retirement benefit obligation reserve**	**Merger reserve**	**Other reserves**	**Total**
				Other	**reserves**			
At 1 January	**13**	**(88)**	**-**	**4**	**(22)**	**259**	**(3)**	**163**
Mondi share schemes' charge	18	-	-	-	-	-	-	18
Issue of shares under employee share schemes	(7)	-	-	-	-	-	-	(7)
Actuarial and surplus restriction movements	-	-	-	-	(14)	-	-	(14)
Fair value losses accreted	-	-	(1)	(25)	-	-	-	(26)
Fair value gains recycled to the income statement	-	-	-	(14)	-	-	-	(14)
Call option issued	-	-	-	-	-	-	(4)	(4)
Currency translation adjustment	-	(248)	-	-	-	-	-	(248)
At 31 December	**24**	**(336)**	**(1)**	**(35)**	**(36)**	**259**	**(7)**	**(132)**

2007/*€ million*	Share-based payment reserve	Cumulative translation adjustment reserve	Available for sale reserve	Cash flow hedge reserve	Post retirement benefit obligation reserve	Merger reserve	Other reserves	Total
				Other	reserves			
At 1 January	12	(17)	1	7	(34)	-	(2)	(33)
Termination of Anglo American plc equity interest	-	9	-	-	-	2,403	(1)	2,411
Dividend *in specie* to Anglo American plc shareholders	-	-	-	-	-	(2,938)	-	(2,938)
Dividend *in specie* to Mondi plc shareholders	-	-	-	-	-	794	-	794
Purchase of Anglo American plc shares	(19)	-	-	-	-	-	-	(19)
Anglo American plc share schemes' charge	10	-	-	-	-	-	-	10
Exiting Anglo American plc share schemes	(3)	-	-	-	-	-	-	(3)
Mondi share schemes' charge	13	-	-	-	-	-	-	13
Actuarial and surplus restriction movements	-	-	-	-	12	-	-	12
Fair value gains/(losses) accreted	-	-	(1)	(20)	-	-	-	(21)
Fair value (gains)/losses recycled to the income statement	-	-	-	17	-	-	-	17
Currency translation adjustment	-	(80)	-	-	-	-	-	(80)
At 31 December	13	(88)	-	4	(22)	259	(3)	163

12 Asset values per share

Asset values per share are disclosed in accordance with the JSE Listings Requirements. Net asset value per share is defined as net assets divided by the combined number of shares in issue as at 31 December 2008, less treasury shares held. Tangible net asset value per share is defined as the net assets less intangible assets divided by the combined number of shares in issue as at 31 December 2008, less treasury shares held.

	2008	2007
Net asset value per share (€)	5.34	6.56
Tangible net asset value per share (€)	4.70	5.54

13 Share capital and share premium

	Authorised	
	Number of shares	**R million**
Mondi Limited R0.20 ordinary shares	250,000,000	50

	Authorised	
	Number of shares	**€ million**
Mondi plc €0.20 ordinary shares	3,177,608,605	636

There has been no change to the authorised share capital of either Mondi Limited or Mondi plc since listing on the respective stock exchanges on 3 July 2007.

2008	**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[1] €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[2]	367,240,805	8	-	8
Mondi plc €0.20 special converting shares	146,896,322	29	-	29
Total special converting shares	514,137,127	37	-	37
Total shares	1,028,274,254	114	532	646

2007	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[1] €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[2]	367,240,805	8	-	8
Mondi plc €0.20 special converting shares [2]	146,896,322	29	-	29
Total special converting shares	514,137,127	37	-	37
Total shares	1,028,274,254	114	532	646

Notes:

[1] *Mondi plc also issued 50,000 5% cumulative £1 preference shares in 2007. The Group classifies these preference shares as a liability, and not as equity instruments, since they contractually obligate the Group to make cumulative dividend payments to the holders. The dividend payments are treated as a finance cost rather than distributions.*

[2] *The special converting shares are held on trust and do not carry dividend rights. The special converting shares provide a mechanism for equality of treatment on termination for both Mondi Limited and Mondi plc ordinary equity holders.*

14 Business combinations

Principal acquisitions made during the year to 31 December 2008, accounted for under the acquisition method, were:

Name of entity acquired	Nature of entity acquired	Date of acquisition	Percentage acquired
Dunapack	Bag converting	April 2008	100.0
Rochester	Coating	April 2008	100.0
Loparex Group	Coating and Kraft paper	April 2008	100.0

Details of the aggregate net assets acquired, as adjusted from book to fair value, and the attributable goodwill are presented as follows:

€ million	Book value	Revaluation	Fair value
Net assets acquired:			
Intangible assets	1	8	9
Property, plant and equipment	59	(32)	27
Financial asset investments	5	-	5
Deferred tax assets	1	2	3
Inventories	22	(1)	21
Trade and other receivables	44	2	46
Cash and cash equivalents	3	-	3
Short-term borrowings	(3)	-	(3)
Other current liabilities	(44)	-	(44)
Long-term borrowings	(37)	-	(37)
Deferred tax liabilities	(3)	(1)	(4)
Contingent liabilities	2	-	2
Retirement benefits obligation	-	-	-
Equity minority interest	5	-	5
Net assets acquired	55	(22)	33
Goodwill arising on acquisition			19
Total cost of acquisition			**52**
Cash acquired net of overdrafts			(3)
Net cash paid			**49**

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at the balance sheet date. If necessary, adjustments will be made to these carrying values, and to the related goodwill, within 12 months of the acquisition date.

During the year to 31 December 2008 adjustments totalling €7 million have been made to the provisional values estimated of net assets of Tire Kutsan acquired in the year to 31 December 2007.

The goodwill which arose on the acquisition of Dunapack represents the value harnessed of further expanding into the emerging markets of Hungary and Ukraine and consolidating the Group's position in Bag Converting in the CEE region. Furthermore it represents significant potential for synergies and rationalisation in Hungary. The goodwill which arose in Rochester represents the value associated with strengthening the Group's market position in Coatings and the realisation of substantial synergies. No goodwill was recognised on acquisition of the Loparex Group.

15 Consolidated cash flow analysis

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

€ million	**2008**	2007
(Loss)/profit before tax	**(103)**	382
Depreciation and amortisation	373	368
Share option expense	9	6
Non-cash effect of special items of subsidiaries and joint ventures	368	23
Net finance costs	159	99
Net income from associates	(2)	(2)
Decrease in provisions and post-employment benefits	(21)	(14)
Decrease/(increase) in inventories	26	(69)
Decrease/(increase) in operating receivables	106	25
(Decrease)/increase in operating payables	(105)	141
Fair value gains on forestry assets	(46)	(32)
Cost of felling	43	51
(Profit)/loss on disposal of fixed assets	(6)	1
Purchase of Anglo American plc shares	-	(19)
Other adjustments	(6)	(3)
Cash inflows from operations	**795**	957

(b) Cash and cash equivalents

€ million	**2008**	**2007**
Cash and cash equivalents per balance sheet	155	180
Bank overdrafts included in short-term borrowings	(80)	(121)
Net cash and cash equivalents per cash flow statement	**75**	59

(c) Movement in net debt

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

	Cash and cash equivalents[1]	Debt due within one year[2]	Debt due after one year	Total net debt
Balance at 1 January 2007	358	(1,181)	(656)	(1,479)
Cash flow	(286)	945	(564)	95
Business combinations[3]	-	(38)	(122)	(160)
Disposal of businesses	-	1	-	1
Reclassifications	(3)	(82)	85	-
Currency movements	(10)	23	23	36
Closing balance at 31 December 2007	59	(332)	(1,234)	(1,507)
Cash flow	24	214	(543)	(305)
Business combinations[3]	3	(3)	(37)	(37)
Disposal of businesses	-	5	20	25
Reclassifications	(2)	(215)	215	(2)
Currency movements	(9)	33	112	136
Closing balance at 31 December 2008	**75**	**(298)**	**(1,467)**	**(1,690)**

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. At 31 December 2008, short-term borrowings on the combined and consolidated balance sheet of €378 million (2007: €453 million) include €80 million of overdrafts (2007: €121 million).*
3 *See note 14.*

(d) Reconciliation of cash inflows from operations to EBITDA for the years ended 31 December

€ million	**2008**	2007
Cash inflows from operations	**795**	957
Share option expense	(9)	(6)
Fair value gains on forestry assets	46	32
Cost of felling	(43)	(51)
Decrease in provisions and post employment benefits	21	14
(Decrease)/increase in inventories	(26)	69
(Decrease)/increase in operating receivables	(106)	(25)
Decrease/(increase) in operating payables	105	(141)
Purchase of Anglo American plc shares	-	19
Profit/(loss) on disposal of assets	6	(1)
Add back cash effect of operating special items of subsidiaries and joint ventures	19	-
Other adjustments	6	3
EBITDA[1]	**814**	870

Note:
1 *EBITDA is operating profit before special items plus depreciation and amortisation in subsidiaries and joint ventures.*

(e) EBITDA by business segment

€ million	**2008**	2007
Europe & International		
Bags & Specialities	271	260
Uncoated Fine Paper	221	202
Corrugated	131	208
Sub-total	623	670
South Africa		
Uncoated Fine Paper	109	87
Corrugated	43	35
Sub-total	152	122
Mondi Packaging South Africa	52	53
Merchant and Newsprint businesses	24	60
Corporate and other businesses	(37)	(35)
EBITDA	**814**	870

EBITDA is stated before special items and is reconciled to 'Total profit from operations and associates' as follows:

€ million	**2008**	**2007**
Total profit from operations and associates	**56**	510
Special items (excluding associates)	358	77
Net loss/(profit) on disposals (excluding associates)	27	(83)
Impairment of assets held for sale	2	-
Depreciation and amortisation: subsidiaries and joint ventures	373	368
Share of associates' net income	(2)	(2)
EBITDA	**814**	870

(f) Capital expenditure cash payments[1]

€ million	2008	2007
By business segment		
Europe & International		
Bags & Specialities	136	102
Uncoated Fine Paper	266	98
Corrugated	199	111
Sub-total	601	311
South Africa		
Uncoated Fine Paper	37	21
Corrugated	7	2
Sub-total	44	23
Mondi Packaging South Africa	38	47
Merchant and Newsprint businesses	10	18
Corporate and other businesses	-	7
Total	**693**	406

Note:
[1] Excludes business combinations and purchase of intangible assets.

16 Capital commitments

€ million	2008[1]	2007
Contracted for but not provided	**405**	74
Approved, not yet contracted for	**219**	824

Note:
[1] The significant shift relates to the development of the new lightweight recycled containerboard machine and new box plant at the Swiecie mill in Poland, and the modernisation and expansion of the Syktyvkar mill in Russia.

17 Contingent liabilities and contingent assets

Disclosable contingent liabilities comprise aggregate amounts at 31 December 2008 of €17 million (2007: €16 million) in respect of loans and guarantees given to banks and other third parties. Acquired contingent liabilities of €2 million (2007: €5 million) have been recorded on the Group's combined and consolidated balance sheet.

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

There were no significant disclosable contingent assets at 31 December 2008 or 31 December 2007.

18 Related party transactions

The Group has a related party relationship with its associates and joint ventures and, up to the date of demerger, with certain Anglo American plc group companies. Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

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 others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions, in total, are not considered to be significant.

€ million	Anglo American plc group	Joint Ventures	Associates
2008			
Sales to related parties	-	11	-

Purchases from related parties	-	(1)	(32)
Loans to related parties	-	10	-
Receivables due from related parties	-	7	1
2007			
Sales to related parties	-	8	8
Purchases from related parties	-	(2)	(1)
Net finance costs	(22)	-	-
Dividends paid to related parties	(202)	-	-
Dividends *in specie*	(32)	-	-
Loans to related parties	-	13	-
Receivables due from related parties	-	5	-

Cyril Ramaphosa, joint chairman of Mondi, has a 32.7% (2007:39.96%) stake in Shanduka Group (Pty) Limited, an entity that has controlling interests in Shanduka Advisors (Pty) Limited, Shanduka Resources (Pty) Limited, Shanduka Packaging (Pty) Limited and Shanduka Newsprint (Pty) Limited and participating interests in Mondi Shanduka Newsprint (Pty) Limited, Kangra Coal (Pty) Limited, Rennies Distribution Services (Pty) Limited and Mondi Packaging South Africa (Pty) Limited. Fees of €340,000 (2007: €379,000) and €392,000 (2007: €681,000) were paid to Shanduka Advisors (Pty) Limited and Shanduka Resources (Pty) Limited respectively for management services provided to the Group during the year ended 31 December 2008. Shanduka Packaging (Pty) Limited and Shanduka Newsprint (Pty) Limited have also provided a shareholder's loan to the Group. The balance outstanding at 31 December 2008 was €12.9 million (2007: €16.8 million) and €7.1 million (2007: €9.2 million), respectively. In the normal course of business, and on an arm's length basis, the Group purchased supplies from Kangra Coal (Pty) Limited totalling €12 million (2007: €9 million) and made use of transport and warehousing services provided by Rennies Distribution Services (Pty) Limited totalling €9 million (2007: €13 million) during the period. €1 million (2007: €1 million) remains outstanding on these purchases at 31 December 2008.

Production statistics

		Year Ended 31 December 2008	Year Ended 31 December 2007
Europe & International			
Containerboard	Tonnes	**1,926,829**	1,849,702
Kraft paper	Tonnes	**814,187**	891,385
Corrugated board and boxes	Mm²	**2,104**	2,088
Bag converting	m units	**3,536**	3,642
Coating and release liners	Mm²	**2,667**	2,971
Uncoated fine paper	Tonnes	**1,452,058**	1,517,792
Newsprint	Tonnes	**192,921**	192,329
Total hardwood pulp	Tonnes	**1,012,470**	1,182,476
Total softwood pulp	Tonnes	**1,620,155**	1,748,294
External hardwood pulp	Tonnes	**126,479**	76,244
External softwood pulp	Tonnes	**200,676**	213,218
South Africa			
Containerboard	Tonnes	**251,944**	251,661
Uncoated fine paper	Tonnes	**416,509**	469,782
Wood chips	Bone dry tonnes	**780,932**	690,447
Total hardwood pulp	Tonnes	**595,449**	630,210
Total softwood pulp	Tonnes	**106,390**	98,613
External hardwood pulp	Tonnes	**139,235**	86,802
Mondi Packaging South Africa			

Packaging papers	Tonnes	**388,199**	368,574
Corrugated board and boxes	Mm^2	**381**	367
Total hardwood pulp	Tonnes	**82,554**	65,829
Total softwood pulp	Tonnes	**43,090**	64,274
Newsprint Joint Ventures (attributable share)			
Newsprint	Tonnes	**331,929**	314,847
Aylesford	Tonnes	**200,540**	185,990
Shanduka	Tonnes	**131,389**	128,857
Total softwood pulp Shanduka	Tonnes	**86,464**	86,469

Exchange rates

	Year Ended 31 December 2008	Year Ended 31 December 2007
Closing rates against the euro		
South African rand	**13.07**	10.03
Pounds sterling	**0.95**	0.73
Polish zloty	**4.15**	3.59
Russian rouble	**41.28**	35.99
Slovakian koruna	**30.13**	33.58
US dollar	**1.39**	1.47
Czech koruna	**26.87**	26.63
Average rates for the period against the euro		
South African rand	**12.06**	9.66
Pounds sterling	**0.80**	0.68
Polish zloty	**3.52**	3.78
Russian rouble	**36.45**	35.02
Slovakian koruna	**31.28**	33.77
US dollar	**1.47**	1.37
Czech koruna	**24.97**	27.76