

Mondi Group

Half-yearly report 2010



From the CEO

“Mondi achieved a pleasing result in the period against a backdrop of improving market conditions, supported by a particularly strong performance from the European Uncoated Fine Paper business. The outcome bears testament to our robust business model, which encompasses leading market positions in higher growth emerging markets, low-cost operations and a relentless focus on performance.

Despite cost pressures, the positive pricing momentum witnessed in Europe since the beginning of the fourth quarter of 2009 in most of the Group’s key grades should see the business continue to deliver a strong performance in the second half. The South Africa Division should benefit from the further management actions taken to improve profitability,

although much depends on the outlook for the rand and export pulp prices. While the sustainability of the economic recovery remains uncertain, we believe the Group is well positioned to continue benefiting from the current positive trading environment.”

David Hathorn
Mondi Group chief executive

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Financial summary

Operational and financial highlights

- Underlying operating profit up 61%, driven by a strong performance from the Europe & International Division
- Sustained improvement in order inflows, volumes and prices across all key paper grades
- Improving performance in South Africa Division
- Restructuring of European Corrugated business completed
- Major capital project in Russia on schedule for completion in second half
- Successful issuance of inaugural €500 million Eurobond, used to pay down existing debt
- Interim dividend up 40% at 3.5 euro cents per share

Financial summary¹

€ million	Six months ended 30 June 2010	Six months ended 30 June 2009	Half-yearly change %
Group revenue	3,033	2,614	16
EBITDA	405	308	31
Underlying operating profit	222	138	61
Underlying profit before tax	176	81	117
Profit/(loss) before tax	177	(1)	n/m ²
Basic earnings/(loss) per share (€ cents)	21.5	(7.1)	n/m ²
Underlying earnings per share (€ cents)	20.3	8.3	145
Headline earnings/(loss) per share (€ cents)	24.8	(0.8)	n/m ²
Interim dividend per share (€ cents)	3.5	2.5	40
Cash generated from operations	269	392	(31)
Net debt	1,632	1,661	(2)
Group return on capital employed (ROCE)	9.5%	7.4%	28

Notes:

¹ Refer to Glossary of financial terms.

² n/m – not measurable.

Group performance review

The Group's underlying operating profit of €222 million was 61% up on the comparable prior year period and 42% up on the result of the second half of the prior year.

Order inflows and sales volumes continue to improve and price increases were achieved across all key paper grades. Furthermore, the benefits of the significant restructuring actions and cost reduction initiatives implemented through the economic downturn supported the strong recovery in profitability. Ongoing profit improvement initiatives have yielded a further €75 million during the first half which, at 2.9% of our cost base, continue to exceed targets. Rising commodity input costs partially offset revenue gains.

Currency movements had a mixed impact on the Group's results. The stronger rand eroded export margins in South Africa whilst exports from Europe benefited from the weaker euro against the dollar. Other emerging European currencies strengthened against the euro in the first quarter of the year placing pressure on the export-focussed operations in Poland and the Czech Republic, although this trend reversed in the second quarter.

Underlying earnings per share was 20.3 cents, an increase of 145% on the comparable prior year period. An interim dividend of 3.5 euro cents, up 40% on the prior year interim dividend, will be paid.

During the first quarter, Mondi concluded the sale of the 170,000 tonne Frohnleiten recycled containerboard mill in Austria. During May, the Group's western European corrugated packaging and recycled containerboard restructuring programme concluded with the sale of its corrugated box plants in the UK to Smurfit Kappa. The Group also acquired Smurfit Kappa's industrial and consumer bag operations in Spain, France and Italy. These operations will be restructured and some of the plants may be rationalised with our existing plants.

The sale of the Europapier paper merchant business to the Heinzel Group announced in early May 2010 remains subject to approval by the relevant competition authorities.

Net debt at 30 June 2010 increased from 31 December 2009 by €115 million to €1.63 billion. Robust EBITDA generation was offset primarily by an increase in working capital (in line with growth in revenue), ongoing funding for the €545 million Russian expansion project and foreign exchange movements. In March 2010, the Group issued a seven year Eurobond of €500 million at a coupon of 5.75%, the proceeds of which were used to settle existing short and medium term debt and consequently increased the average maturity of the Group's debt.

The Group's financial position remains robust with net assets increasing to €3.1 billion on the back of higher working capital and exchange impacts on translation into euro. The Group retains adequate borrowing facilities.

Europe & International Division

€ million	Six months ended 30 June 2010	Six months ended 30 June 2009	Half-yearly change %
Segment revenue	2,372	2,063	15
– of which inter-segment revenue	61	53	15
EBITDA	336	238	41
Underlying operating profit	201	108	86
Uncoated Fine Paper	98	71	38
Corrugated	48	1	n/m
Bags & Coatings	55	36	53
Capital expenditure	159	272	(42)
Net segment assets	3,822	3,620	6
ROCE	12.2%	7.3%	67

Underlying operating profit of €201 million was 86% higher than that of the comparable prior year period with ROCE, on a twelve month trailing basis, increasing to 12.2%. The improved result was due to good demand across all businesses, higher prices in all paper grades and the benefit of previously implemented profit improvement initiatives.

Profit improvement initiatives have yielded €59 million to date, partially offsetting increased input costs, particularly wood, pulp and recovered paper.

The extended shut at the Syktyvkar plant in Russia as part of the final integration of the expansion project, together with the planned maintenance shuts at a number of the pulp and paper mills in the traditionally slower European summer months, will impact results in the second half of the year.

Uncoated Fine Paper

The operating profit of €98 million was 38% up on the comparable prior year period, giving a very strong ROCE, on a twelve month trailing basis, of 17.5%. This excellent performance, following a strong second half in the previous year, reflects a continued positive trading environment with both prices and volumes increasing. This was supported by a pleasing operating performance with all mills achieving record production volumes. The Russian operation, Syktyvkar, performed particularly well, supported by a positive contribution from the recently rebuilt uncoated fine paper machine.

Selling prices have increased with benchmark cut-size office paper prices increasing by around 5% from 31 December 2009 levels. Further price increases have been announced in the second half, supported by continued input cost pressures particularly for the non-integrated producers, and the weakness of the euro relative to the dollar.

With average pulp prices increasing during the period, by 24% for softwood and 32% for hardwood in US dollar terms when compared to the second half of the previous year, the larger mills benefited from their backward integration. The non-integrated mills, despite achieving price increases, could not entirely offset the higher pulp prices.

The major capital project in Syktyvkar, Russia is expected to be completed and integrated into the existing mill during an extended shut in the second half. The impact of the shut on the second half operating profit contribution from Syktyvkar is estimated at around €20 million.

Corrugated

The Corrugated business achieved a significant improvement in underlying operating profit to €48 million, benefiting from the new recycled containerboard machine at Świecie, restructuring and cost reduction initiatives, and improved product prices and volumes. Average increases of around 23% compared to the second half of the prior year were seen for benchmark recycled containerboard prices, supported by significant input cost pressures (recovered paper prices increased by 52% in the period).

Although sales volumes increased, price increases achieved in the corrugated box plants were not sufficient to recover the increased paper input costs. Further box price increases are anticipated in the second half of the year.

The restructuring of the Corrugated business was concluded during the first half with the sale of the UK box plants to Smurfit Kappa in May 2010 and the recycled containerboard mill in Austria to the Prinzhorn Group. The business is now well positioned to focus on its core central and south eastern European markets, with leading market positions in the high growth markets of Poland and Turkey. The containerboard mills in Poland, Germany and Turkey provide the Group with a competitive paper asset base serving the Group's integrated converting network in these regions.

Having started up in September 2009, the 470,000 tonne recycled containerboard machine in Świecie, Poland is performing ahead of plan, with production of 197,000 tonnes in the first half, and full year production from this machine expected to be around 400,000 to 410,000 tonnes including the impact of a maintenance shut in the second half.

Bags & Coatings

The Bags & Coatings business achieved an underlying operating profit of €55 million, an increase of 53% on the comparable prior year period. This reflects both improved sales volumes and increased kraft paper prices.

Significant kraft paper selling price increases of around 10% on average compared to the second half of the prior year were achieved in the period, more than offsetting the sharp rise in input costs, particularly wood costs. Further selling price increases have been announced and are expected to be implemented during the third quarter. While demand in the Group's core European markets has recovered from a low base, supported by some restocking, very strong demand growth is being seen in export markets. In response, the 80,000 tonne Stambolijski kraft paper machine was restarted in June 2010, having been mothballed during the previous year.

Volumes remain strong in the Bag Converting segment, up 12% on the comparable prior year period. However, more than half of the sales volume is sold under annual fixed price contracts, leading to short-term margin pressures in this segment as paper input costs increase. The acquisition of the Smurfit Kappa bag plants provides the Group with stronger market positions in Spain, France and Italy. Although these newly acquired plants are currently operating at a loss, restructuring and potential rationalisation with our existing plants is planned for the coming months and they are expected to contribute positively to the Group's performance from 2011.

Robust volume increases in Coatings, Consumer Bags & Films have resulted in a significant increase in underlying operating profit, although Consumer Bags & Films remains under some pressure from rising polymer prices.

South Africa Division

€ million	Six months ended 30 June 2010	Six months ended 30 June 2009	Half-yearly change %
Segment revenue	276	249	11
– of which inter-segment revenue	107	113	(5)
EBITDA	44	48	(8)
Underlying operating profit	18	28	(36)
Uncoated Fine Paper	14	13	8
Containerboard	4	15	(73)
Capital expenditure	9	13	(31)
Net segment assets	932	868	7
ROCE	3.1%	13.5%	(77)

Group performance review

A decrease of 36% in underlying operating profit on the comparable prior year period reflects somewhat disappointing results, partially due to the strength of the rand, and consequently lower export margins. ROCE, on a twelve month trailing basis, at 3.1%, remains well below targeted levels. The results are however significantly better than the weak second half of 2009.

Sales prices improved across all products with pulp being the main contributor during the period. Increasing labour and input costs, particularly electricity, will impact results in the second half.

The decision has been taken to exit the uncoated fine paper export market due to poor profitability and to focus on the domestic and African markets. The mothballing of the 120,000 tonne uncoated fine paper machine and related equipment in Merebank, along with a restructuring programme, is expected to be concluded during the second half of the year.

This restructuring and the associated increased sales of pulp are expected to result in an improved second half performance, notwithstanding an apparent weakening in global pulp markets.

Mondi Packaging South Africa (MPSA)

€ million	Six months ended 30 June 2010	Six months ended 30 June 2009	Half-yearly change %
Segment revenue	298	227	31
– of which inter-segment revenue	16	13	23
EBITDA	33	23	43
Underlying operating profit	18	11	64
Capital expenditure	14	6	133
Net segment assets	368	342	8
ROCE	12.9%	7.3%	77

MPSA achieved a 64% increase in operating profit to €18 million off the low base of the comparable prior year period giving a ROCE, on a twelve month trailing basis, of 12.9%. The improvement reflects an approximately 10% increase in sales volumes and the benefits of significant cost savings. The euro result was also enhanced by translation at a stronger rand exchange rate. In local currency terms, the

increase in underlying operating profit was 37%. With its exposure to the agricultural sector, coupled with price increases expected to take effect during the second half, the second half of the year is expected to be stronger than the first.

Newsprint

€ million	Six months ended 30 June 2010	Six months ended 30 June 2009	Half-yearly change %
Segment revenue	271	254	7
– of which inter-segment revenue	–	–	–
EBITDA	8	16	(50)
Underlying operating profit	1	8	(88)
Capital expenditure	2	2	–
Net segment assets ¹	108	218	(50)
ROCE	2.2%	2.9%	(24)

Note:

¹ Excluding assets of Europapier business, classified as held for sale.

The Newsprint business reflected a significant decline in underlying operating profit to €1 million mainly due to a disappointing performance at Aylesford Newsprint. Aylesford Newsprint experienced reduced sales volumes and prices and an operating loss resulted. Sales price increases of around £20/tonne are being implemented during the second half of the year, although this is not likely to lead to a significant improvement in profitability due to ongoing input cost pressures. Mondi Shanduka Newsprint's underlying operating profit was marginally lower than the comparable prior year period mainly resulting from increasing raw material costs. The European merchant business, Europapier, performed well, benefiting from increased selling prices and volumes. The sale of Europapier is expected to be concluded in the second half of the year, pending competition clearance.

Input costs and currency exposure

All fibre input costs have seen significant increases in the first half of the year.

- Procured pulp wood prices in central Europe are up significantly versus the comparable prior year period on the back of increased demand from bio-mass energy producers and reduced supply due to the closure of sawmilling operations in the region.

- Average US dollar pulp prices, exacerbated by supply disruptions due to the Chilean earthquake, have increased by 24% for softwood and 32% for hardwood during the period when compared to the second half of the prior year.
- Strong Chinese demand in the first quarter drove rapid price escalations in European recovered paper markets. The average benchmark price of recovered paper increased by 52%, when compared to the second half of the previous year.

Mondi benefits from its structural position in South Africa and Russia due to integration into wood supply. The Group's integrated pulp and paper mills reduce the impact of pulp price escalations, with the Group, on an annualised basis, being net short of around 135,000 tonnes of pulp following the recent restructuring announcements. Restructuring initiatives and a relentless focus on cost reduction and productivity improvement further mitigate the impact of input cost pressures.

Financial review

Special items

The special items, as more fully set out in the notes to the half-yearly financial statements, include:

- closure of the paper machine and related restructuring provisions in South Africa;
- reversal of previously recognised closure provisions no longer required following the sale of the Szolnok site;
- reversal of impairment and related closure provisions of the Stambolijski mill following its start-up in June 2010;
- partial impairment of underperforming kraft paper assets in Lohja and Ružomberok;
- gain on acquisition of the industrial bags plants in western Europe which will be subject to future restructuring;
- loss on disposal of the corrugated packaging plants in the UK;
- profit on sale of forestry assets in South Africa; and
- write-down of assets and recognition of expected loss on disposal of the Europapier business.

Finance costs

Net finance costs of €48 million were lower than those of the comparable prior year period, mainly due to exchange rate gains on foreign currency debt and a reduction in interest rates in some locations. The higher interest rate of the Eurobond when compared to existing short-term facilities, as well as a reduction in interest capitalised to major projects, will increase finance costs in the second half of the year.

Tax

A reduction in the underlying effective tax rate from 32% to 26% is realised primarily due to the improved profitability enabling the use of previously unrecognised tax losses carried forward; increased profitability in regions with lower tax rates; and benefits of tax incentives granted in certain countries in which the Group operates, notably those related to the major Polish and Russian capital projects.

Cash flow

As expected, cash flow generated from operating activities was negatively impacted by an increase in working capital attributable to the significantly increased revenue. Working capital, as a percentage of annualised revenue, moved up from 10.0% at 31 December 2009 to 10.7% at 30 June 2010. Despite this, cash generated from operating activities amounted to €235 million.

Capital expenditure of €184 million, including €75 million on our major project in Russia, was incurred. Outside of our major projects in Russia and Poland, capital expenditure remains at 51% of depreciation reflecting a continued conservative approach to investment.

Treasury and borrowings

Net debt at 30 June 2010 was €1.6 billion, an increase of €115 million from the prior year end. Excluding the impact of exchange rate movements, net debt was largely unchanged from the year end position, despite the ongoing major capital expenditure project in Russia and the investment in working capital.

The net debt to trailing 12 month EBITDA ratio was 2.2 times and the headroom in the Group's syndicated €1.55 billion facility increased to €1.2 billion. During March, Mondi successfully launched a €500 million, seven year Eurobond, further strengthening the Group's already robust financial position as evidenced by the long-term corporate credit ratings received of Baa3 from Moody's Investor Service and BB+ from Standard & Poor's, both with a stable outlook. Following the launch of the Eurobond, a large proportion of the Group's debt, 78%, is at fixed rates of interest for varying terms.

Interest rates have remained largely unchanged in the period under review.

The average maturity of committed debt facilities is 3.1 years (compared to 2.2 years at the end of the previous year) and drawn committed debt facilities maturing over the next 12 months amount to €83 million.

Group performance review

Dividend

A dividend of 3.5 euro cents per share has been declared by the directors and will be paid on 14 September 2010 to those shareholders on the register of Mondi plc on 27 August 2010. An equivalent South African rand interim dividend will be paid on 14 September 2010 to shareholders on the register of Mondi Limited on 27 August 2010.

Outlook

Despite cost pressures, the positive pricing momentum witnessed in Europe since the beginning of the fourth quarter of 2009 in most of the Group's key grades should see the business continue to deliver a strong performance in the second half. The South Africa Division should benefit from the further management actions taken to improve profitability, although much depends on the outlook for the rand and export pulp prices. While the sustainability of the economic recovery remains uncertain, we believe the Group is well positioned to continue benefiting from the current positive trading environment.

Supplementary information

Going concern

An improvement in trading conditions is evident although some risks remain in specific locations and business segments. This is mitigated by Mondi's geographical spread, product diversity and large customer base. Through ongoing initiatives of cost management, prudent capital investment, stringent working capital targets and restructuring and rationalisation of assets where appropriate, Mondi has a leading cost position in its chosen markets.

The Group maintains adequate undrawn borrowing facilities (€1.4 billion at 30 June 2010) and the average maturity of its debt is approximately three years, thus providing sufficient short and medium term liquidity.

The Group's forecasts, taking into account reasonably possible changes in trading performance, show that Mondi will be able to operate well within the levels of its current facilities and related covenants.

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, the going concern basis continues to be adopted in preparing financial reports.

Principal risks and uncertainties

It is in the nature of its business that Mondi is exposed to risks and uncertainties that may have an impact on future performance and financial results, as well as on its 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. The key risks identified remain consistent with those presented on pages 31 and 32 of the 2009 annual report.

- *Mondi operates in a highly competitive environment*
The paper and packaging markets are highly competitive. Mondi is flexible and responsive to changing market and operating conditions and the geographical and product diversification provides some measure of protection. Uncertain trading conditions may impact the carrying value of goodwill and tangible assets and may necessitate further restructuring.
- *Input costs are subject to significant fluctuations*
Significant fluctuations in raw material costs, particularly wood, pulp and recovered paper, have been experienced during the first half of the year. The Group's relatively high level of integration and access to its own fibre in Russia and South Africa, coupled with the focus on operational performance, serve to mitigate these risks.
- *Significant capital investments including acquisitions carry project risk*
The capital investment programme in Russia is largely completed and indications are that the project will be completed during the second half of 2010. The acquisition of the industrial bag operations in Spain, France and Italy will require some restructuring in order to generate the required returns.

Directors' responsibility statement

The directors confirm that to the best of their knowledge:

- the condensed set of combined and consolidated financial statements has been prepared in accordance with International Financial Reporting Standards and in particular with International Accounting Standard 34, 'Interim Financial Reporting';
- the half-yearly report includes a fair review of the important events during the six months ended 30 June 2010 and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2010; and
- there have been no significant individual related party transactions during the first six months of the financial year

and nor have there been any significant changes in the Group's related party relationships from those reported in the Group's annual financial statements for the year ended 31 December 2009.

David Hathorn
Director

9 August 2010

Andrew King
Director

Independent review report to the members of Mondi Limited

Introduction

We have reviewed the Group's condensed combined and consolidated financial statements for the six months ended 30 June 2010 which comprise the condensed combined and consolidated income statement, the condensed combined and consolidated statement of comprehensive income, the condensed combined and consolidated statement of financial position, the condensed combined and consolidated statement of cash flows and the condensed combined and consolidated statement of changes in equity, the summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed combined and consolidated financial statements in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the Companies Act of South Africa. Our responsibility is to express a conclusion on these Group condensed combined and consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying

National Executive **G G Gelink** Chief Executive **A E Swiegers** Chief Operating Officer **G M Pinnock** Audit **D L Kennedy** Tax, Legal and Risk Advisory **L Geeringh** Consulting **L Bam** Corporate Finance **C R Beukman** Finance **T J Brown** Clients & Markets **N T Mtoba** Chairman of the Board.

A full list of partners and directors is available on request.

analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Group's interim condensed combined and consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the Companies Act of South Africa.

Bronwyn Kilpatrick

Partner
Sandton
9 August 2010

Deloitte & Touche

Registered Auditors
Buildings 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton
Republic of South Africa

Independent review report to the members of Mondi plc

We have been engaged by the Company to review the condensed combined and consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises the condensed combined and consolidated income statement, the condensed combined and consolidated statement of comprehensive income, the condensed combined and consolidated statement of financial position, the condensed combined and consolidated statement of cash flows, the condensed combined and consolidated statement of changes in equity and related notes 1 to 19. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Respective responsibilities of directors and auditors

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of the review of the condensed financial statements

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom

9 August 2010

Note:

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Condensed combined and consolidated income statement

for the six months ended 30 June 2010

	Notes	(Reviewed) Six months ended 30 June 2010			(Reviewed) Six months ended 30 June 2009			(Audited) Year ended 31 December 2009		
		Before special items	Special items (note 6)	After special items	Before special items	Special items (note 6)	After special items	Before special items	Special items (note 6)	After special items
€ million										
Group revenue	4	3,033	–	3,033	2,614	–	2,614	5,257	–	5,257
Materials, energy and consumables used		(1,624)	–	(1,624)	(1,387)	–	(1,387)	(2,768)	–	(2,768)
Variable selling expenses		(277)	–	(277)	(225)	–	(225)	(472)	–	(472)
Gross margin		1,132	–	1,132	1,002	–	1,002	2,017	–	2,017
Maintenance and other indirect expenses		(132)	–	(132)	(111)	–	(111)	(241)	–	(241)
Personnel costs		(458)	(2)	(460)	(430)	(11)	(441)	(838)	(24)	(862)
Other net operating expenses		(137)	56	(81)	(153)	(32)	(185)	(293)	(14)	(307)
Depreciation, amortisation and impairments		(183)	(18)	(201)	(170)	(36)	(206)	(351)	(90)	(441)
Operating profit/(loss)	4/5	222	36	258	138	(79)	59	294	(128)	166
Net (loss)/profit on disposals	6	–	(22)	(22)	–	5	5	–	3	3
Impairment of assets held for sale	6	–	(13)	(13)	–	(8)	(8)	–	(8)	(8)
Net income from associates		2	–	2	1	–	1	2	–	2
Total profit/(loss) from operations and associates		224	1	225	139	(82)	57	296	(133)	163
Investment income		16	–	16	15	–	15	27	–	27
Foreign currency gains/(losses)		11	–	11	(2)	–	(2)	(1)	–	(1)
Interest expense	7	(75)	–	(75)	(71)	–	(71)	(140)	–	(140)
Net finance costs		(48)	–	(48)	(58)	–	(58)	(114)	–	(114)
Profit/(loss) before tax		176	1	177	81	(82)	(1)	182	(133)	49
Tax (charge)/credit	8	(46)	4	(42)	(27)	4	(23)	(58)	6	(52)
Profit/(loss) from continuing operations		130	5	135	54	(78)	(24)	124	(127)	(3)
Attributable to:										
Non-controlling interests		27	(1)	26	12	–	12	29	1	30
Equity holders of the parent companies		103	6	109	42	(78)	(36)	95	(128)	(33)
Earnings per share (EPS) for profit/(loss) attributable to equity holders of the parent companies										
Basic EPS (€ cents)	9			21.5			(7.1)			(6.5)
Diluted EPS (€ cents)	9			21.2			(7.1)			(6.5)
Basic underlying EPS (€ cents)	9			20.3			8.3			18.7
Diluted underlying EPS (€ cents)	9			20.0			8.1			18.2
Basic headline EPS (€ cents)	9			24.8			(0.8)			11.4
Diluted headline EPS (€ cents)	9			24.5			(0.8)			11.1

Condensed combined and consolidated statement of comprehensive income

for the six months ended 30 June 2010

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Profit/(loss) for the financial period/year	135	(24)	(3)
Other comprehensive income:			
Fair value gains on cash flow hedges	6	14	26
Actuarial (losses)/gains and surplus restriction on post-retirement benefit schemes	(9)	1	7
Fair value gains on available-for-sale investments	–	–	1
Exchange gains on translation of foreign operations	171	72	118
Share of other comprehensive income of associates	–	1	1
Tax relating to components of other comprehensive income	2	(1)	(7)
Other comprehensive income for the financial period/year, net of tax	170	87	146
Total comprehensive income for the financial period/year	305	63	143
Attributable to:			
Non-controlling interests	36	14	39
Equity holders of the parent companies	269	49	104

Condensed combined and consolidated statement of financial position

as at 30 June 2010

€ million	Notes	(Reviewed)	(Reviewed)	(Audited)
		As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Intangible assets		314	321	308
Property, plant and equipment		3,990	3,769	3,847
Forestry assets		290	268	251
Investments in associates		6	8	6
Financial asset investments		33	24	27
Deferred tax assets		31	43	29
Retirement benefits surplus	11	13	–	8
Total non-current assets		4,677	4,433	4,476
Inventories		688	611	617
Trade and other receivables		1,083	1,075	933
Current tax assets		19	23	16
Cash and cash equivalents	15b-c	77	171	123
Derivative financial instruments		13	15	7
Total current assets		1,880	1,895	1,696
Assets held for sale	14	172	22	36
Total assets		6,729	6,350	6,208
Short-term borrowings	15c	(217)	(435)	(219)
Trade and other payables		(1,123)	(1,013)	(1,023)
Current tax liabilities		(75)	(46)	(55)
Provisions		(50)	(47)	(40)
Derivative financial instruments		(4)	(40)	(32)
Total current liabilities		(1,469)	(1,581)	(1,369)
Medium and long-term borrowings	15c	(1,492)	(1,397)	(1,421)
Retirement benefits obligation	11	(202)	(184)	(184)
Deferred tax liabilities		(334)	(329)	(316)
Provisions		(35)	(48)	(45)
Other non-current liabilities		(21)	(14)	(21)
Derivative financial instruments		(23)	(47)	(19)
Total non-current liabilities		(2,107)	(2,019)	(2,006)
Liabilities directly associated with assets classified as held for sale	14	(60)	(3)	(9)
Total liabilities		(3,636)	(3,603)	(3,384)
Net assets		3,093	2,747	2,824
Equity				
Ordinary share capital		114	114	114
Share premium		532	532	532
Retained earnings and other reserves		2,006	1,707	1,753
Total attributable to equity holders of the parent companies		2,652	2,353	2,399
Non-controlling interests in equity		441	394	425
Total equity		3,093	2,747	2,824

The Group's condensed combined and consolidated financial statements, and related notes 1 to 19, were approved by the Boards and authorised for issue on 9 August 2010 and were signed on its behalf by:

David Hathorn
Director

Andrew King
Director

Mondi Limited company registration number:

1967/013038/06

Mondi plc company registration number:

6209386

Condensed combined and consolidated statement of cash flows

for the six months ended 30 June 2010

€ million	Notes	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Cash generated from operations	15a	269	392	867
Dividends from associates		2	–	2
Income tax paid		(36)	(18)	(32)
Net cash generated from operating activities		235	374	837
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash and cash equivalents	13	11	(2)	(2)
Non-controlling interests bought out		(4)	–	–
Proceeds from disposal of subsidiaries, net of cash and cash equivalents		64	47	54
Proceeds from disposal of associates		–	–	3
Investment in property, plant and equipment		(184)	(293)	(517)
Proceeds from the disposal of property, plant and equipment		6	7	11
Investment in forestry assets		(21)	(20)	(40)
Investment in intangible assets		(1)	(2)	(5)
Investment in financial asset investments		(1)	–	(7)
Proceeds from the sale of financial asset investments		2	–	–
Loan (advances to)/repayments from related parties		(4)	(1)	1
Loan repayments from external parties		–	–	1
Interest received		4	4	8
Other investing activities		–	–	1
Net cash used in investing activities		(128)	(260)	(492)
Cash flows from financing activities				
Repayment of short-term borrowings	15c	(95)	(81)	(288)
Proceeds from medium and long-term borrowings	15c	527	16	138
Repayment of medium and long-term borrowings	15c	(452)	(22)	(100)
Interest paid		(60)	(93)	(163)
Dividends paid to non-controlling interests	10	(17)	–	(9)
Dividends paid to equity holders of the parent companies	10	(36)	(26)	(39)
Purchases of treasury shares		(1)	(1)	(1)
Contribution by non-controlling interests		–	10	27
Net realised (loss)/gain on cash and asset management swaps		(61)	84	67
Other financing activities		–	(1)	4
Net cash used in financing activities		(195)	(114)	(364)
Net decrease in cash and cash equivalents		(88)	–	(19)
Cash and cash equivalents at beginning of financial period/year ¹	15c	37	75	75
Cash movement in the financial period/year	15c	(88)	–	(19)
Reclassifications	15c	(1)	–	(19)
Effects of changes in foreign exchange rates	15c	(6)	4	–
Cash and cash equivalents at end of financial period/year¹		(58)	79	37

Note:

¹ 'Cash and cash equivalents' includes overdrafts and cash flows from disposal groups and is reconciled to the statement of financial position in note 15c.

Condensed combined and consolidated statement of changes in equity

for the six months ended 30 June 2010

€ million	Share capital				Retained earnings	Other reserves ¹	Total attributable to equity holders of the parent companies	Non-controlling interests	Total equity
	Mondi Limited share capital	Mondi Limited share premium	Mondi plc share capital	Combined share capital and share premium					
At 1 January 2009	11	532	103	646	1,809	(132)	2,323	373	2,696
Dividends paid	–	–	–	–	(26)	–	(26)	–	(26)
Total comprehensive income for the financial period	–	–	–	–	(36)	85	49	14	63
Issue of shares under employee share schemes	–	–	–	–	2	(2)	–	–	–
Purchases of treasury shares ²	–	–	–	–	(1)	–	(1)	–	(1)
Reclassification	–	–	–	–	(14)	14	–	–	–
Non-controlling interests buy in	–	–	–	–	–	–	–	10	10
Non-controlling interests bought out	–	–	–	–	–	–	–	(3)	(3)
Other	–	–	–	–	–	8	8	–	8
At 30 June 2009	11	532	103	646	1,734	(27)	2,353	394	2,747
Dividends paid	–	–	–	–	(13)	–	(13)	(9)	(22)
Total comprehensive income for the financial period	–	–	–	–	3	52	55	25	80
Issue of shares under employee share schemes	–	–	–	–	17	(17)	–	–	–
Reclassification	–	–	–	–	2	1	3	(3)	–
Non-controlling interests buy in	–	–	–	–	–	–	–	17	17
Other	–	–	–	–	–	1	1	1	2
At 31 December 2009	11	532	103	646	1,743	10	2,399	425	2,824
Dividends paid	–	–	–	–	(36)	–	(36)	(17)	(53)
Total comprehensive income for the financial period	–	–	–	–	109	160	269	36	305
Issue of shares under employee share schemes	–	–	–	–	5	(5)	–	–	–
Purchases of treasury shares ²	–	–	–	–	(1)	–	(1)	–	(1)
Disposal of businesses	–	–	–	–	–	19	19	–	19
Non-controlling interests bought out	–	–	–	–	(1)	–	(1)	(3)	(4)
Other	–	–	–	–	–	3	3	–	3
At 30 June 2010	11	532	103	646	1,819	187	2,652	441	3,093

Notes:

¹ Other reserves include the share-based payment, cumulative translation adjustment, available-for-sale, cash flow hedge, post-retirement benefit, merger and other sundry reserves.

² The treasury shares purchased represent 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 options under the Group's share option schemes. The number of ordinary shares held by the Mondi Incentive Schemes Trust as at 30 June 2010 was 97,690 shares (as at 30 June 2009: 259,334; as at 31 December 2009: 53,700) at an average price of R43.75 per share (as at 30 June 2009: R33.24 per share; as at 31 December 2009: R35.71 per share). The number of ordinary shares held by the Mondi Employee Share Trust as at 30 June 2010 was 4,462,901 shares (as at 30 June 2009: 7,113,962; as at 31 December 2009: 5,087,561) at an average price of £4.05 per share (as at 30 June 2009: £4.03 per share; as at 31 December 2009: £4.05 per share).

Notes to the condensed combined and consolidated financial statements

1 Basis of preparation

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

The condensed combined and consolidated half-yearly financial information for the six months ended 30 June 2010 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. It should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009, prepared in accordance with IFRS. The Group has also complied with South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice. In addition, there are no differences for the Group in applying IFRS as issued by the International Accounting Standards Board and as endorsed by the European Union (EU). As discussed in the Group performance review under the heading 'Going concern', the condensed combined and consolidated financial statements have been prepared on a going concern basis.

The information for the year ended 31 December 2009 does not constitute statutory accounts as defined by section 434 of the UK Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the UK Companies Act 2006.

2 Accounting policies

The same accounting policies, methods of computation and presentation have been followed in the preparation of the condensed combined and consolidated financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

In the current financial year, the Group has adopted IFRS 3, 'Business Combinations' (revised 2008), and IAS 27, 'Consolidated and Separate Financial Statements' (revised 2008). Both standards became effective for annual reporting periods beginning on or after 1 July 2009.

The most significant changes, all of which are applied prospectively, to the Group's previous accounting policies for business combinations are as follows:

- acquisition related costs which previously would have been included in the cost of a business combination are included in administrative expenses as they are incurred;
- any pre-existing equity interest in the acquiree is remeasured to fair value at the date of obtaining control (the acquisition date), with any resulting gain or loss recognised in profit or loss;
- any changes in the Group's ownership interest subsequent to the acquisition date are recognised directly in equity, with no adjustment to goodwill; and
- any changes to the cost of an acquisition, including contingent consideration, resulting from events after the acquisition date are recognised in profit or loss. Previously, such changes resulted in an adjustment to goodwill.

Any adjustments to contingent consideration for acquisitions made prior to 1 January 2010 which result in an adjustment to goodwill continue to be accounted for under IFRS 3 (2004) and IAS 27 (2005), for which the accounting policies can be found in the Group's annual financial statements for the year ended 31 December 2009. Comprehensive details of changes to accounting policies will be presented in the Group's annual financial statements for the year ended 31 December 2010.

3 Seasonality

The seasonality of the Group's operations has no significant impact on the condensed combined and consolidated financial statements.

Notes to the condensed combined and consolidated financial statements

4 Operating segments

Operating segment revenues

€ million	(Reviewed) Six months ended 30 June 2010			(Reviewed) Six months ended 30 June 2009			(Audited) Year ended 31 December 2009		
	Segment revenue	Internal revenue ¹	External revenue ²	Segment revenue	Internal revenue ¹	External revenue ²	Segment revenue	Internal revenue ¹	External revenue ²
Europe & International									
Uncoated Fine Paper	762	(75)	687	680	(62)	618	1,351	(130)	1,221
Corrugated	610	(26)	584	527	(16)	511	1,041	(36)	1,005
Bags & Coatings	1,060	(20)	1,040	893	(12)	881	1,787	(24)	1,763
Intra-segment elimination	(60)	60	–	(37)	37	–	(80)	80	–
Total Europe & International	2,372	(61)	2,311	2,063	(53)	2,010	4,099	(110)	3,989
South Africa									
Uncoated Fine Paper	226	(58)	168	197	(64)	133	386	(120)	266
Containerboard	69	(68)	1	66	(63)	3	121	(119)	2
Intra-segment elimination	(19)	19	–	(14)	14	–	(29)	29	–
Total South Africa	276	(107)	169	249	(113)	136	478	(210)	268
Mondi Packaging South Africa	298	(16)	282	227	(13)	214	498	(25)	473
Merchant & Newsprint businesses	271	–	271	254	–	254	528	(1)	527
Segments total	3,217	(184)	3,033	2,793	(179)	2,614	5,603	(346)	5,257
Inter-segment elimination	(184)	184	–	(179)	179	–	(346)	346	–
Group total	3,033	–	3,033	2,614	–	2,614	5,257	–	5,257

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 each type of product presented below.

External revenue by product type

€ million	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
	Products		
Corrugated products	788	709	1,357
Uncoated fine paper	674	592	1,195
Kraft paper & bags	503	437	886
Coatings, consumer bags & films	431	374	731
Merchant sales	238	202	468
Newsprint	104	74	208
Pulp	104	68	129
Woodchips	39	35	61
Other ¹	152	123	222
Group total	3,033	2,614	5,257

Note:

¹ Revenues derived from product types that are not material are classed as other.

4 Operating segments (continued)

External revenue by location of customer

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Revenue			
Africa			
South Africa ¹	379	291	644
Rest of Africa	129	103	196
Africa total	508	394	840
Western Europe			
Germany	375	317	641
United Kingdom ¹	169	184	367
Rest of Western Europe	727	684	1,292
Western Europe total	1,271	1,185	2,300
Emerging Europe	584	526	1,105
Russia	249	188	387
North America	111	79	157
South America	14	9	17
Asia and Australia	296	233	451
Group total	3,033	2,614	5,257

Note:

¹ These revenues, which total €548 million (six months ended 30 June 2009: €475 million; year ended 31 December 2009: €1,011 million), are attributable to the countries in which the Group's parent entities are domiciled.

External revenue by location of production

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Revenue			
Africa			
South Africa ¹	561	467	948
Rest of Africa	9	5	13
Africa total	570	472	961
Western Europe			
Austria	597	502	1,010
United Kingdom ¹	88	129	244
Rest of Western Europe	463	440	855
Western Europe total	1,148	1,071	2,109
Emerging Europe			
Poland	335	216	486
Rest of Emerging Europe	512	471	927
Emerging Europe total	847	687	1,413
Russia	322	251	519
North America	62	54	104
Asia and Australia	84	79	151
Group total	3,033	2,614	5,257

Note:

¹ These revenues, which total €649 million (six months ended 30 June 2009: €596 million; year ended 31 December 2009: €1,192 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.

Notes to the condensed combined and consolidated financial statements

4 Operating segments (continued)

Operating segment operating profit/(loss)

€ million	Segment operating profit before special items			Segment operating profit/(loss) after special items		
	(Reviewed)	(Reviewed)	(Audited)	(Reviewed)	(Reviewed)	(Audited)
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended
	30 June 2010	30 June 2009	31 December 2009	30 June 2010	30 June 2009	31 December 2009
Europe & International						
Uncoated Fine Paper	98	71	146	108	71	144
Corrugated	48	1	23	48	(10)	(27)
Bags & Coatings	55	36	82	103	(13)	34
Total Europe & International	201	108	251	259	48	151
South Africa						
Uncoated Fine Paper	14	13	16	(7)	(6)	(6)
Containerboard	4	15	16	4	15	16
Total South Africa	18	28	32	(3)	9	10
Mondi Packaging South Africa	18	11	36	17	11	43
Merchant & Newsprint businesses	1	8	12	1	8	-
Corporate & other businesses	(16)	(17)	(37)	(16)	(17)	(38)
Segments total	222	138	294	258	59	166
Net (loss)/profit on disposals (see note 6)	-	-	-	(22)	5	3
Impairment of assets held for sale (see note 6)	-	-	-	(13)	(8)	(8)
Net income from associates	2	1	2	2	1	2
Net finance costs	(48)	(58)	(114)	(48)	(58)	(114)
Group profit/(loss) before tax	176	81	182	177	(1)	49

EBITDA by operating segment

€ million	(Reviewed)	(Reviewed)	(Audited)
	Six months ended	Six months ended	Year ended
	30 June 2010	30 June 2009	31 December 2009
Europe & International			
Uncoated Fine Paper	146	117	239
Corrugated	82	32	87
Bags & Coatings	108	89	189
Total Europe & International	336	238	515
South Africa			
Uncoated Fine Paper	35	29	52
Containerboard	9	19	24
Total South Africa	44	48	76
Mondi Packaging South Africa	33	23	62
Merchant & Newsprint businesses	8	16	28
Corporate & other businesses	(16)	(17)	(36)
EBITDA	405	308	645

4 Operating segments (continued)

Segment assets and liabilities

€ million	(Reviewed) As at 30 June 2010			(Reviewed) As at 30 June 2009			(Audited) As at 31 December 2009		
	Segment assets ¹	Segment liabilities ²	Net segment assets	Segment assets ¹	Segment liabilities ²	Net segment assets	Segment assets ¹	Segment liabilities ²	Net segment assets
Europe & International									
Uncoated Fine Paper	1,862	(220)	1,642	1,640	(174)	1,466	1,671	(177)	1,494
Corrugated	1,074	(212)	862	1,044	(207)	837	1,071	(199)	872
Bags & Coatings	1,720	(402)	1,318	1,585	(268)	1,317	1,531	(309)	1,222
Intra-segment elimination	(67)	67	–	(25)	25	–	(33)	33	–
Total Europe & International	4,589	(767)	3,822	4,244	(624)	3,620	4,240	(652)	3,588
South Africa									
Uncoated Fine Paper	897	(101)	796	834	(100)	734	804	(92)	712
Containerboard	159	(23)	136	152	(18)	134	150	(22)	128
Intra-segment elimination	(4)	4	–	(3)	3	–	(6)	6	–
Total South Africa	1,052	(120)	932	983	(115)	868	948	(108)	840
Mondi Packaging South Africa	475	(107)	368	438	(96)	342	432	(97)	335
Merchant & Newsprint businesses	148	(40)	108	290	(72)	218	263	(69)	194
Corporate & other businesses	18	–	18	7	(1)	6	3	1	4
Inter-segment elimination	(71)	71	–	(97)	97	–	(74)	74	–
Segments total	6,211	(963)	5,248	5,865	(811)	5,054	5,812	(851)	4,961
Unallocated:									
Investments in associates	6	–	6	8	–	8	6	–	6
Deferred tax assets/ (liabilities)	31	(334)	(303)	43	(329)	(286)	29	(316)	(287)
Other non-operating assets/(liabilities) ³	371	(630)	(259)	239	(631)	(392)	211	(577)	(366)
Group trading capital employed	6,619	(1,927)	4,692	6,155	(1,771)	4,384	6,058	(1,744)	4,314
Financial asset investments	33	–	33	24	–	24	27	–	27
Net debt	77	(1,709)	(1,632)	171	(1,832)	(1,661)	123	(1,640)	(1,517)
Group net assets	6,729	(3,636)	3,093	6,350	(3,603)	2,747	6,208	(3,384)	2,824

Notes:

¹ Segment assets are operating assets and consist of property, plant and equipment, intangible assets, forestry assets, retirement benefits surplus, inventories and operating receivables.

² Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities, restoration and environmental provisions and provisions for post-retirement benefits.

³ Other non-operating assets consist of derivative assets, current income tax receivables, other non-operating receivables and assets held for sale. Other non-operating liabilities consist of derivative liabilities, non-operating provisions, current income tax liabilities and liabilities directly associated with assets classified as held for sale.

Notes to the condensed combined and consolidated financial statements

4 Operating segments (continued)

Capital expenditure cash payments and the additions to the Group's non-current non-financial assets, other than deferred tax assets and retirement benefits surplus, are presented by operating segment as follows:

€ million	Capital expenditure cash payments			Additions to non-current non-financial assets ¹		
	(Reviewed)	(Reviewed)	(Audited)	(Reviewed)	(Reviewed)	(Audited)
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended
	30 June 2010	30 June 2009	31 December 2009	30 June 2010	30 June 2009	31 December 2009
Europe & International						
Uncoated Fine Paper	82	122	191	74	159	257
Corrugated	42	108	195	38	106	178
Bags & Coatings	35	42	81	45	39	83
Total Europe & International	159	272	467	157	304	518
South Africa						
Uncoated Fine Paper	7	12	22	26	30	59
Containerboard	2	1	4	2	1	4
Total South Africa	9	13	26	28	31	63
Mondi Packaging South Africa	14	6	17	14	6	17
Merchant & Newsprint businesses	2	2	7	4	2	10
Corporate & other businesses	–	–	–	–	2	6
Group and segments total	184	293	517	203	345	614

Note:

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.

5 Write-down of inventories to net realisable value

The write-downs of inventories to net realisable value, recognised as an expense for the six months ended 30 June 2010, total €11 million (six months ended 30 June 2009: €11 million; year ended 31 December 2009: €18 million). The aggregate reversal of previous write-downs, recognised as a reduction in the amount of inventories expensed for the six months ended 30 June 2010, total €2 million (six months ended 30 June 2009: €2 million; year ended 31 December 2009: €3 million).

6 Special items

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Operating special items			
Goodwill impairments	–	–	(12)
Asset impairments	(26)	(36)	(78)
Reversal of asset impairments	8	–	–
Restructuring and closure costs			
Restructuring and closure costs excluding related personnel costs	(1)	(29)	(22)
Personnel costs relating to restructuring	(2)	(11)	(21)
Reversal of restructuring and closure costs	26	–	–
Demerger arrangements	–	(3)	(3)
Proceeds on insurance	–	–	8
Gain on acquisition of business	31	–	–
Total operating special items	36	(79)	(128)
Non-operating special items			
Net (loss)/profit on disposal	(22)	5	3
Impairment of assets held for sale	(13)	(8)	(8)
Total non-operating special items	(35)	(3)	(5)
Total special items before tax and non-controlling interests	1	(82)	(133)
Tax	4	4	6
Non-controlling interests	1	–	(1)
Total special items attributable to equity holders of the parent companies	6	(78)	(128)

Operating special items

A 120,000 tonne uncoated fine paper machine and related converting capacity in the Merebank plant will be mothballed in September 2010 and the business restructured. This has led to an asset impairment of €18 million and related restructuring costs of €3 million being recognised.

The completion of the sale of the Szolnok site has resulted in the reversal of previously recognised restructuring and closure provisions and the realisation of the cumulative translation adjustment reserve, amounting to €10 million.

The restarting of the Stambolijski kraft paper line during June 2010 has resulted in a reversal of impairment (€8 million) and related provisions (€17 million) recognised for the closure that are no longer required, amounting to €25 million.

Underperforming non-integrated kraft paper assets in Lohja and Ružomberok have been partially impaired by €8 million.

The acquisition of the industrial bag businesses in western Europe resulted in a gain of €31 million being recognised. These plants will be subject to future restructuring.

Non-operating special items

The sale of the corrugated plants in the UK to Smurfit Kappa resulted in a loss on disposal (including realisation of the cumulative translation adjustment reserve) of €17 million.

The sale of forestry assets in South Africa realised a gain of €7 million.

The expected sale of the Europapier business resulted in an impairment of non-current assets of €13 million and recognition of the expected loss on sale of €12 million, amounting in total to €25 million.

Notes to the condensed combined and consolidated financial statements

7 Finance costs

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Total interest expense	(82)	(102)	(185)
Less: interest capitalised	7	31	45
Total financing costs	(75)	(71)	(140)

8 Tax charge

<i>€ million</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
UK corporation tax	(1)	–	1
Overseas tax	55	23	52
Current tax (including tax on special items)	54	23	53
Deferred tax	(12)	–	(1)
Total tax charge	42	23	52

The Group's estimated effective annual rate of tax before special items for the six months ended 30 June 2010, calculated on profit before tax, before special items and including net income from associates, is 26% (six months ended 30 June 2009: 34%; year ended 31 December 2009: 32%). The reduction in the effective tax rate from 32% to 26% is realised primarily due to the improved profitability enabling the use of previously unrecognised tax losses carried forward; increased profitability in regions with lower tax rates; and benefits of tax incentives granted in certain countries in which the Group operates, notably those related to the major Polish and Russian capital projects.

9 Earnings per share

<i>€ cents per share</i>	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Profit/(loss) for the financial period/year attributable to equity holders of the parent companies			
Basic EPS	21.5	(7.1)	(6.5)
Diluted EPS	21.2	(7.1) ³	(6.5) ³
Underlying earnings for the financial period/year¹			
Basic EPS	20.3	8.3	18.7
Diluted EPS	20.0	8.1	18.2
Headline earnings/(loss) for the financial period/year²			
Basic EPS	24.8	(0.8)	11.4
Diluted EPS	24.5	(0.8)	11.1

Notes:

¹ 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 Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

³ Diluted EPS is consistent with basic EPS as the impact of potential ordinary shares is anti-dilutive.

9 Earnings per share (continued)

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		
	(Reviewed)	(Reviewed)	(Audited)
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Profit/(loss) for the financial period/year attributable to equity holders of the parent companies	109	(36)	(33)
Special items: operating	(36)	79	128
Net loss/(profit) on disposals	22	(5)	(3)
Impairment of assets held for sale	13	8	8
Related tax	(4)	(4)	(6)
Related non-controlling interests	(1)	–	1
Underlying earnings for the financial period/year	103	42	95
Profit on disposal of tangible and intangible assets	(1)	(4)	(4)
Special items: demerger arrangements	–	(3)	(3)
Special items: restructuring and closure costs	23	(40)	(43)
Impairments not included in special items	–	–	10
Related tax	1	1	3
Headline earnings/(loss) for the financial period/year	126	(4)	58

million	Number of shares		
	(Reviewed)	(Reviewed)	(Audited)
	As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Basic number of ordinary shares outstanding¹	508	507	508
Effect of dilutive potential ordinary shares ²	7	12	13
Diluted number of ordinary shares outstanding	515	519	521

Notes:

¹ The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc for the period/year, as adjusted for the weighted average number of treasury shares held during the period/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.

10 Dividends

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

€ million	(Reviewed)	(Reviewed)	(Audited)
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Interim dividend paid	–	–	13
Final dividend paid (in respect of prior year)	36	26	26
Interim dividend proposed for the six months ended 30 June¹	18	13	–
Final dividend proposed for the year ended 31 December ¹	–	–	36
Paid to non-controlling interests	17	–	9

Note:

¹ Proposed interim dividends are not accrued for until approved by the Boards. Proposed final dividends are not accrued for until approved by the shareholders at the annual general meetings of Mondi Limited and Mondi plc respectively.

Notes to the condensed combined and consolidated financial statements

10 Dividends (continued)

€ cents per share	(Reviewed)	(Reviewed)	(Audited)
	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Interim dividend paid	–	–	2.5
Final dividend paid (in respect of prior year)	7.0	5.0	5.0
Interim dividend proposed for the six months ended 30 June	3.5	2.5	–
Final dividend proposed for the year ended 31 December	–	–	7.0

11 Retirement benefits

There were no significant curtailments, settlements or other significant one-time events relating to the Group's defined benefit schemes, post-retirement medical plans or statutory retirement obligations during the six months ended 30 June 2010.

All assumptions of the Group's material defined benefit schemes and post-retirement medical plan liabilities were re-assessed individually and the remaining Group defined benefit schemes and unfunded statutory retirement obligations were re-assessed in aggregate for the six months ended 30 June 2010. The net change in assumptions from those applied as at 31 December 2009 resulted in a €13 million increase in the net retirement benefit obligations recorded on the condensed combined and consolidated statement of financial position. The assets backing the defined benefit scheme liabilities reflect their market values as at 30 June 2010. Any movements in the assumptions have been recognised as an actuarial movement in the condensed combined and consolidated statement of comprehensive income. €11 million of the movement in net retirement benefits is due to the decrease in the discount rate from 5.25% at 31 December 2009 to 4.50% at 30 June 2010 in the European defined benefit schemes and unfunded statutory retirement obligations.

12 Asset values per share

Net asset value per share is defined as net assets divided by the combined number of ordinary shares in issue as at the reporting dates presented, 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 ordinary shares in issue as at the reporting dates presented, less treasury shares held.

	(Reviewed)	(Reviewed)	(Audited)
	As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Net asset value per share (€)	6.07	5.42	5.55
Tangible net asset value per share (€)	5.45	4.79	4.94

13 Business combinations

In line with Mondi's strategy to strengthen its leading market position in industrial and consumer bags in Europe, an agreement was concluded in April 2010 with Smurfit Kappa for the acquisition of its western European industrial and consumer bag operations in Spain, France and Italy.

The businesses acquired have incurred operating losses prior to their acquisition by Mondi and will be subject to future restructuring activities. As a result of this and the cash in the business on date of acquisition, a gain on acquisition has been recognised in operating special items in the income statement. The fair value accounting reflected in these results is provisional in nature as the transaction was only concluded on 4 May 2010. If necessary, adjustments will be made to these carrying values, and to the gain on acquisition, within 12 months of the acquisition date.

Prior to any planned restructuring activities, the acquired industrial bag plants generate turnover of approximately €7 million per month and operating losses of €0.8 million per month. Had the acquisition occurred on 1 January 2010, the increase in revenue would have been €50 million with an operating loss of €5 million. Transaction costs related to the acquisition are estimated at €1 million.

There were no other acquisitions made for the six months ended 30 June 2010.

13 Business combinations (continued)

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

€ million	Book value	Revaluation	Fair value
Net assets acquired			
Property, plant and equipment	27	(14)	13
Inventories	15	–	15
Trade and other receivables	21	(1)	20
Cash and cash equivalents	18	–	18
Trade and other payables	(22)	–	(22)
Short-term borrowings	(1)	–	(1)
Retirement benefits obligation	(2)	–	(2)
Provisions	(3)	–	(3)
Net assets acquired	53	(15)	38
Gain arising on acquisition			(31)
Total cost of acquisition			7
Cash acquired net of overdrafts			(18)
Net cash received			11

14 Disposal groups and assets held for sale

On 5 May 2010, Mondi signed an agreement with the Heinzl Group for the sale of 100% of its shares in Europapier, a paper merchant business selling graphic, packaging and office papers, as well as other office supplies to customers across central Europe and Russia. The loss on disposal of the business will be approximately €25 million. As part of the reclassification of the underlying assets as held for sale, the tangible fixed assets were fully impaired. The sale is subject to approval by various competition authorities and is expected to be completed in the second half of 2010. Accordingly the assets and associated liabilities are classified as held for sale at 30 June 2010.

15 Consolidated cash flow analysis

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

€ million	(Reviewed) Six months ended 30 June 2010	(Reviewed) Six months ended 30 June 2009	(Audited) Year ended 31 December 2009
Profit/(loss) before tax	177	(1)	49
Depreciation and amortisation	183	170	351
Share-based payments	3	4	5
Non-cash effect of special items	(8)	64	98
Net finance costs	48	58	114
Net income from associates	(2)	(1)	(2)
Decrease in provisions and post-employment benefits	(4)	(9)	(16)
(Increase)/decrease in inventories	(64)	81	80
(Increase)/decrease in operating receivables	(192)	19	170
Increase/(decrease) in operating payables	115	(1)	(2)
Fair value gains on forestry assets	(16)	(15)	(28)
Felling costs	32	26	50
Profit on disposal of tangible and intangible assets	(1)	(4)	(4)
Other adjustments	(2)	1	2
Cash generated from operations	269	392	867

Notes to the condensed combined and consolidated financial statements

15 Consolidated cash flow analysis (continued)

(b) Cash and cash equivalents

<i>€ million</i>	(Reviewed) As at 30 June 2010	(Reviewed) As at 30 June 2009	(Audited) As at 31 December 2009
Cash and cash equivalents per statement of financial position	77	171	123
Bank overdrafts included in short-term borrowings	(135)	(92)	(86)
Net cash and cash equivalents per statement of cash flows	(58)	79	37

(c) Movement in net debt

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

<i>€ million</i>	Cash and cash equivalents ¹	Debt due within one year ²	Debt due after one year	Total net debt
At 1 January 2009	75	(298)	(1,467)	(1,690)
Cash flow	–	81	6	87
Business combinations	–	–	2	2
Disposal of businesses	–	8	–	8
Reclassification	–	(112)	112	–
Currency movements	4	(22)	(50)	(68)
At 30 June 2009	79	(343)	(1,397)	(1,661)
Cash flow	(19)	207	(44)	144
Reclassification	(19)	(7)	41	15
Currency movements	(4)	10	(21)	(15)
At 31 December 2009	37	(133)	(1,421)	(1,517)
Cash flow	(88)	95	(75)	(68)
Business combinations	–	(1)	–	(1)
Disposal of businesses	–	5	–	5
Movement in unamortised loan costs	–	–	(2)	(2)
Reclassification	(1)	(33)	40	6
Currency movements	(6)	(15)	(34)	(55)
At 30 June 2010	(58)	(82)	(1,492)	(1,632)

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 30 June 2010, short-term borrowings on the condensed combined and consolidated statement of financial position of €217 million (as at 30 June 2009: €435 million; as at 31 December 2009: €219 million) include €135 million of overdrafts (as at 30 June 2009: €92 million; as at 31 December 2009: €86 million).

The Group launched its inaugural publicly traded bond 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 whilst Mondi fails to maintain at least one investment grade credit rating from either Moody's or Standard & Poor's.

15 Consolidated cash flow analysis (continued)

(c) Movement in net debt (continued)

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

<i>€ million</i>	(Reviewed) As at 30 June 2010	(Reviewed) As at 30 June 2009	(Audited) As at 31 December 2009
Expiry date			
In one year or less	211	178	141
In more than one year	1,147	895	849
Total credit available	1,358	1,073	990

16 Capital commitments

<i>€ million</i>	(Reviewed) As at 30 June 2010	(Reviewed) As at 30 June 2009	(Audited) As at 31 December 2009
Contracted for but not provided	184	258	214
Approved, not yet contracted for	200	136	291

17 Contingent liabilities and contingent assets

Contingent liabilities comprise aggregate amounts as at 30 June 2010 of €20 million (as at 30 June 2009: €16 million; as at 31 December 2009: €21 million) in respect of loans and guarantees given to banks and other third parties. Acquired contingent liabilities of €nil (six months ended 30 June 2009: €nil; year ended 31 December 2009: €nil) have been recorded on the Group's combined and consolidated statement of financial position.

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

Contingent assets comprise aggregate amounts as at 30 June 2010 of €5 million (as at 30 June 2009: €nil; as at 31 December 2009: €nil) and mainly relate to energy credits to be received.

18 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 39 of the Group's annual financial statements for the year ended 31 December 2009.

Dividends received from associates for the six months ended 30 June 2010 amount to €2 million (six months ended 30 June 2009: €0.4 million; year ended 31 December 2009: €2 million).

19 Events occurring after 30 June 2010

With the exception of the proposed interim dividend for 2010, as disclosed in note 10, there have been no material reportable events since 30 June 2010.

Production statistics

Production statistics

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Europe & International				
Uncoated fine paper	Tonnes	790,748	709,433	1,470,381
Containerboard	Tonnes	1,008,305	836,456	1,768,696
Kraft paper	Tonnes	466,156	383,373	841,378
Hardwood pulp	Tonnes	474,700	425,533	873,844
Internal consumption	Tonnes	451,524	408,527	833,803
External	Tonnes	23,176	17,006	40,041
Softwood pulp	Tonnes	935,783	845,093	1,773,265
Internal consumption	Tonnes	856,279	746,122	1,568,189
External	Tonnes	79,504	98,971	205,076
Corrugated board and boxes	Mm ²	713	924	1,697
Industrial bags	M units	1,858	1,655	3,303
Coating and release liners	Mm ²	1,601	1,258	2,672
Newsprint	Tonnes	98,051	99,390	194,564
South Africa				
Uncoated fine paper	Tonnes	152,663	179,325	353,707
Containerboard	Tonnes	128,830	120,989	238,915
Hardwood pulp	Tonnes	287,417	305,763	578,032
Internal consumption	Tonnes	162,785	204,476	407,641
External	Tonnes	124,632	101,287	170,391
Softwood pulp	Tonnes	56,885	55,394	109,142
Woodchips	Bone dry tonnes	129,516	197,436	273,526
Mondi Packaging South Africa				
Packaging papers	Tonnes	197,023	177,796	367,741
Corrugated board and boxes	Mm ²	185	177	369
Newsprint Joint Ventures (attributable share)				
Aylesford	Tonnes	92,575	96,262	191,035
Mondi Shanduka Newsprint (MSN)	Tonnes	64,976	62,221	121,701

Note:

Comparative figures have been restated where necessary to afford a better comparison.

Exchange rates

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Closing rates against the euro				
South African rand		9.38	10.89	10.67
Pounds sterling		0.82	0.85	0.89
Polish zloty		4.15	4.45	4.10
Russian rouble		38.28	43.88	43.15
US dollar		1.23	1.41	1.44
Czech koruna		25.69	25.88	26.47
Average rates for the period against the euro				
South African rand		9.99	12.25	11.68
Pounds sterling		0.87	0.89	0.89
Polish zloty		4.00	4.47	4.33
Russian rouble		39.88	44.08	44.12
US dollar		1.33	1.33	1.39
Czech koruna		25.72	27.13	26.44

Shareholder information

Mondi has a dual listed company (DLC) structure comprising Mondi Limited, a company registered in South Africa and Mondi plc, a company registered in the UK. Mondi Limited has a primary listing on the JSE Limited whilst Mondi plc has a premium listing on the London Stock Exchange and a secondary listing on the JSE Limited.

Registrars

Any queries relating to your Mondi shareholdings should be directed to the relevant Registrar.

	Mondi Limited shares and Mondi plc shares on the South African branch register	Mondi plc shares	Mondi Limited Depository Interests and Mondi Limited Depository Interests held through the Corporate Sponsored Nominee
Registrar	Link Market Services South Africa (Proprietary) Limited	Capita Registrars	Capita IRG Trustees Limited
Postal Address	PO Box 4844 Johannesburg South Africa	The Registry 34 Beckenham Road Beckenham Kent BR3 4TU UK	The Registry 34 Beckenham Road Beckenham Kent BR3 4TU UK
Helpline Number	011 630 0888 (if calling from South Africa) +27 11 630 0888 (if calling from outside South Africa)	0871 664 0300 (if calling from the UK; calls cost 10p per minute plus network extras; lines are open Mon-Fri 8.30am to 5.30pm) +44 208 639 3399 (if calling from outside the UK)	0871 664 0335 (if calling from the UK; calls cost 10p per minute plus network extras; lines are open Mon-Fri 9am to 5.30pm) +44 208 639 3135 (if calling from outside the UK)

Shareholders holding their shares through Capita may access details of their holdings, amend their details or elect to receive shareholder documents electronically by registering with the Capita Registrars share portal service, an online service offered by Capita, at www.capitashareportal.com.

Those holding depository interests through the Corporate Sponsored Nominee may also view their holdings and update their address details by registering with the share portal service.

Financial calendar

14 September 2010	Payment date for 2010 interim dividend (see below)
20 September 2010	Payment date for 2010 interim dividend to Depository Interest holders (see below)
1 November 2010	Interim management statement
21 February 2011	2010 preliminary results announcement
5 May 2011	2011 annual general meetings

Shareholder information

Dividends

Dividend payments

A final dividend for the year ended 31 December 2009 of 73.54690 rand cents or 7.0 euro cents per share was paid on 19 May 2010 to all Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 23 April 2010.

Dividend timetable

The interim dividend for the year ending 31 December 2010 of 3.5 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	20 August 2010	20 August 2010
London Stock Exchange	Not applicable	24 August 2010
Shares commence trading ex-dividend		
JSE Limited	23 August 2010	23 August 2010
London Stock Exchange	Not applicable	25 August 2010
Record date		
JSE Limited	27 August 2010	27 August 2010
London Stock Exchange	Not applicable	27 August 2010
Last date for receipt of Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants	1 September 2010	1 September 2010
Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders of Mondi Limited and Mondi plc	2 September 2010	27 August 2010*
Payment date		
South African Register	14 September 2010	14 September 2010
UK Register	Not applicable	14 September 2010
Depository Interest holders (dematerialised DIs)	20 September 2010	Not applicable
Holders within the Corporate Nominee	20 September 2010	Not applicable
DRIP purchase settlement dates	21 September 2010	17 September 2010**
Currency conversion dates		
ZAR/euro	10 August 2010	10 August 2010
Euro/sterling	Not applicable	27 August 2010

*2 September 2010 for Mondi plc South African branch register shareholders

**21 September 2010 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 23 August 2010 and 29 August 2010, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 18 August 2010 and 30 August 2010, both dates inclusive.

Dividend currency

All dividends are declared in euro but are paid in the following currencies:

Mondi Limited	South African rand
Mondi Limited Depository Interest holders	Pounds sterling
Mondi plc	euros
Mondi plc (UK residents)	Pounds sterling
Mondi plc (South African residents)	South African rand

Dividends (continued)

Dividend mandate

Shareholders wishing to have their dividends paid directly into a bank or building society account should contact either Link Market Services South Africa (Proprietary) Limited or Capita Registrars as appropriate to obtain an application form. Shareholders holding their shares through Capita can also arrange this via the Capita Registrars share portal service at www.capitashareportal.com.

Mondi Limited shareholders holding their shares on the main register may only set up a mandate if they have a South African bank account.

Mondi plc shareholders located outside the UK may be able to take advantage of the International Payment Service offered by Capita Registrars. This is also available to those holding Mondi Limited Depositary Interests through the Corporate Sponsored Nominee. A fee is charged per dividend for this service. For further information or for an application form please contact Capita.

Dividend reinvestment plans

The dividend reinvestment plans provide an opportunity for shareholders to have their Mondi Limited and Mondi plc cash dividends reinvested in Mondi Limited and Mondi plc ordinary shares respectively.

The plans are available to all Mondi Limited and Mondi plc ordinary shareholders (excluding those in certain restricted jurisdictions). This service is not available for holders of Mondi Limited Depositary Interests held either directly or through the Corporate Sponsored Nominee.

For more information or for an application form, please contact either Link Market Services South Africa (Proprietary) Limited or Capita Registrars as appropriate.

Account amalgamations

If you receive more than one copy of any documents sent out by Mondi or for any other reason you believe you may have more than one Mondi Limited or Mondi plc account, please contact the relevant Registrar who will be able to confirm and, if necessary, arrange for the accounts to be amalgamated into one.

Fraudulent transactions

Shareholders should be aware that they may be targeted by certain organisations offering unsolicited investment advice. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details and to report the organisation to the UK Financial Services Authority (FSA). For further information, please visit the FSA's web site at www.fsa.gov.uk. Alternatively, please call 0845 606 1234 if calling from the UK or +44 20 7066 1000 if calling from outside the UK.

Alternative formats

If you would like to receive this report in an alternative format, such as in large print, Braille or on audio cassette, please contact Mondi's company secretarial department on +44 (0)1932 826300.

Glossary of financial terms

This report contains a number of terms which are explained below

EBITDA	Operating profit of subsidiaries and joint ventures before special items, depreciation and amortisation.
EBITDA interest cover	EBITDA divided by net debt finance charges (before special financing items).
Gearing	The ratio of net debt to total capital employed.
Group revenue	Total turnover of subsidiaries and proportionate share of joint venture turnover.
Headline earnings	JSE Listings measure, calculated in accordance with Circular 3/2009, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.
Net debt	A measure comprising short-term, medium and long-term borrowings and bank overdrafts less cash and cash equivalents and current financial asset investments.
Net segment assets	Net segment assets are segment assets, consisting of property, plant and equipment, intangible assets, forestry assets, retirement benefit surplus, inventories and operating receivables less segment liabilities consisting of non-interest-bearing current liabilities, restoration and environmental provisions and provisions for post-retirement benefits.
Operating margin	Underlying operating profit divided by Group revenue.
Reported profit/(loss) before tax	Reported profit/(loss) before tax but after special items.
Return on capital employed (ROCE)	This is trailing 12 month underlying operating profit, including share of associates' net income, divided by trailing 12 month average trading capital employed and for segments has been extracted from management reports. Capital employed is adjusted for impairments in the year and spend on the strategic projects which are not yet in production.
Shareholders' funds	Share capital, share premium, retained earnings and other reserves attributable to equity holders of the parent companies.
Special items	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 achieved by the Group and its businesses.
Total equity	Shareholders' funds and non-controlling interests in equity.
Trading capital employed	Net segment assets plus investment in associates, deferred tax, and other non-operating assets and liabilities excluding financial investments.
Underlying earnings	Net profit after tax before special items attributable to equity holders of the parent companies.
Underlying operating profit	Operating profit of subsidiaries and joint ventures before special items.
Underlying profit before tax	Reported profit before tax and special items.

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, on page 6. 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.

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