**30 July 2008**

**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.

# HALF-YEARLY REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2008

## Financial Summary [1]

| € million, except for percentages and per share measures | Six months June 2008 | Six months June 2007 | Half year change % |
|---|---|---|---|
| Group revenue | 3,263 | 3,052 | +7 |
| EBITDA | 456 | 421 | +8 |
| Underlying operating profit | 263 | 243 | +8 |
| Underlying profit before tax | 210 | 203 | +3 |
| Reported profit before tax | 171 | 250 | -32 |
| Basic earnings per share (€ cents per share) [2] | 17.1 | 31.9 | -46 |
| Underlying earnings per share (€ cents per share) [2] | 24.8 | 22.6 | +10 |
| Headline earnings per share (€ cents per share) [2] | 18.3 | 17.3 | +6 |
| Interim dividend per share (€ cents per share) | 7.7 | 7.3 | +5 |
| Cash inflow from operations | 310 | 356 | -13 |
| Net debt | 1,655 | 1,335 | +24 |
| Group ROCE | 11.1% | 10.0% | +11 |

[1] See Glossary of Financial Terms

[2] 2007 is pro forma and based on the number of shares admitted following the demerger from Anglo American plc on 2 July 2007.

## Operational and Financial Highlights:

- Underlying operating profit up 8% at €263 million driven by a strong performance from the Europe & International Division
- Improved profit trend in South Africa Division following a slow start to the year
- Results continue to benefit from our low cost operations and our low cost wood resource in Russia and South Africa
- Delivered cost savings of €58 million, representing 2.1% of cost base
- Underlying earnings per share up 10% and ROCE up 11%
- Major projects in Poland and Russia are on schedule and within budgeted capital cost
- Substantial cash inflow from operations of €310 million which was lower than prior period due to working capital outflow on the back of higher trading activity
- Strong financial position with €1.1 billion of undrawn committed facilities as at end of June
- Reported profit before taxation is down 32% because of a change in special items from a €47 million gain in 2007 (mainly disposals) to a €39 million charge in 2008 (mainly closure costs)
- Half year dividend up 5% at 7.7 euro cents per share

### David Hathorn, Mondi Group Chief executive, said:

"This is a good result achieved in a softening European market. It reflects Mondi's strategic positioning, in particular, our broad business base with leading market positions, emerging market focus, including major positions in South Africa and Russia (where demand is good), our continued push to drive down costs and a willingness to respond quickly to changing market conditions.

In the second half, South Africa should see a further improvement as actions to enhance profitability continue to take effect. This should help to offset a softening trading environment in Europe. Overall Mondi expects to make progress for the year as a whole."

**Contact details:**

**Mondi Group**

| | |
|---|---|
| David Hathorn | +27 (0)11 9945418 |
| Paul Hollingworth | +44 (0)1932 826326 |
| Lisa Attenborough | +44 (0)1932 826380 / +44 (0)7872 672669 |

**Financial Dynamics**

| | |
|---|---|
| Sophie Kernon | +44 (0)20 7269 7121/+44(0)7802 877 243 |
| Louise Brugman | +27 (0)11 214 2415 / +27 (0)83 504 1186 |

**Conference call dial-in and audio cast details:**

Please see below details of our dial-in conference call and audio cast that will be held at 10:00 (UK) and 11:00 (SA).

The conference call dial-in numbers are:

| | |
|---|---|
| South Africa | 0800 991 276 (toll-free) |
| UK | +44 20 7190 1232 |
| | 0800 358 5260 (toll-free) |
| Europe & Other | +44 20 7190 1232 |

An online audio cast facility will be available via: http://events.ctn.co.uk/ec/mondi/547/

Password: HYResults08

The presentation will be available online via the above web site address 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 +44 20 8901 5400.

Should you have any issues on the day with accessing the audio cast, please email mondievents@ctn.co.uk and you will be contacted immediately.

An audio recording of the presentation will be available on Mondi's website during the afternoon on 30 July 2008.

**Editors' notes:**

Mondi is an international paper and packaging group and in 2007 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 and processes, including coating, release liner and consumer flexibles.

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

Mondi has production operations across 35 countries and had an average of 35,000 employees in 2007.

## Group performance overview

As previously announced, from 1 January 2008, the former Mondi Packaging and Mondi Business Paper Business units now operate as two divisions: Europe & International and South Africa. Accordingly, we have used this new reporting structure for commenting on trading in this Half-yearly Report.

The Group's underlying operating profit was 8% ahead of the comparable period for the prior year helped by a strong performance from the Europe & International Division. Within Europe & International there were good performances from the Bags & Specialities and Uncoated Fine Paper Business units. This was partially offset by reduced profits from Corrugated as prices came under pressure. Measures to improve the South Africa Division's profitability started to bear fruit towards the end of the first half and overall the Division recorded an increase in underlying operating profit. Merchant and Newsprint saw a significant decline in profits as our joint venture, Aylesford Newsprint, suffered from both a decline in selling prices and an increase in input costs.

The Group continued to benefit from its low cost base and its own fibre supply from the emerging markets of Russia and South Africa, with circa 50% of the Group's fibre demand available from these sources. Overall the Group delivered a further €58 million in cost savings, representing circa 2.1% of the prior year cash cost base, further contributing to the positive performance versus the prior year. Mondi remains committed to targeting annual savings of at least 2%.

### Europe & International Division

| **€ million** | **Six months June 2008** | Six months June 2007 | Half year change % |
|---|---|---|---|
| Segment revenue | 2,742 | 2,544 | +8 |

| | | | |
|---|---|---|---|
| - of which inter-segment revenue | 81 | 74 | +9 |
| EBITDA | 364 | 321 | +13 |
| Underlying operating profit | 215 | 182 | +18 |
| Bags & Specialities | 109 | 80 | +36 |
| Uncoated Fine Paper | 69 | 48 | +44 |
| Corrugated | 37 | 54 | -31 |
| Capital expenditure [1] | 260 | 101 | +157 |
| Net segment assets | 4,166 | 3,755 | +11 |
| Return on capital employed (%) | 12.0% | 9.8% | +22 |

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

Whilst the European business environment is increasingly challenging, our focus on driving down costs, leading market positions and exposure to the growth markets of emerging Europe and Russia (where demand is good), all contributed to underlying operating profit up 18% versus the prior period. The Division delivered €50 million in cost savings, with the benefits from the reorganisation of the Uncoated Fine Paper operations announced last year a significant contributor.

In the **Bags & Specialities** business underlying operating profits were up €29 million. The business has benefitted from significantly higher kraft paper and converted bag prices (up around 6% since the year end), however converting volumes saw softness as demand from the building industry has started to slow. The results also benefit marginally from the acquisition of Unterland in the second half of 2007 which is now trading more in line with expectations.

In the **Uncoated Fine Paper (UFP)** business underlying operating profits were up €21 million, with sales volumes only marginally down despite the closure of our Hungarian mill during the period. Selling prices are up on average 3% against the comparable period but are relatively unchanged since the year end. The business also benefited from the internal restructuring announced last year end as well as a better performance from all our mills including our Russian mill where the local market continues to experience strong demand growth.

In the **Corrugated** business, which represents 17% of divisional operating profit, underlying operating profits are down €17 million at €37 million as selling prices fell back following substantial increases achieved in 2007. Kraftliner prices are down 5% since the year end due to ongoing imports on the back of the weak US dollar. As expected, following a rapid rise during 2007, testliner prices have declined over 10% since the year end. The current price declines are due to a substantial destocking combined with slowing demand. Box prices, having increased since the year end, have now started to level off. Results were also impacted by cost inflation, particularly recycled waste fibre costs up 20%, market related downtime and the timing of maintenance shuts. We will continue to monitor market conditions, in particular utilisation levels, and take action if appropriate.

The recent acquisition of Tire Kutsan in Turkey continues to underperform. This is mainly a result of softer demand coupled with new competitor capacity coming on-stream and the resulting impact on prices in the local market. A number of small acquisitions were completed in the period, primarily focused on the strengthening of the product mix and geographic coverage of our Bags & Specialities business. The enterprise value of all acquisitions in the period totalled €36 million. The Division disposed of the remaining sheet feeder plants in the United Kingdom for an enterprise value of €23 million and completed the closure of the Szolnok mill in Hungary.

The construction of the new 470,000 tonne recycled containerboard machine at Swiecie in Poland is progressing well (total cost of €305 million). Orders for the main machine have been placed and we remain on track for completion in the second half of 2009 within the budgeted cost. We anticipate this machine will have the lowest operating cost of its type. The investment in the new box plant and associated infrastructure (€45 million) has been delayed pending agreement on the availability of subsidies.

The project to modernise our Russian mill (total cost of €525 million) is also making good progress. All main equipment contracts have been agreed, construction has commenced and we remain on track for completion within the budgeted cost by mid to late 2010. The key value drivers of this project are to improve efficiency and our cost base in Russia, increase energy production and revenue by selling surplus energy to the grid and provide modest extra capacity (both pulp and paper) for the strongly growing domestic market.

**South Africa Division**

| **€ million** | **Six months June 2008** | Six months June 2007 | Half year change % |
|---|---|---|---|
| Segment revenue | 274 | 295 | -7 |
| - of which inter-segment revenue | 174 | 168 | +4 |
| EBITDA | 67 | 65 | +3 |
| Underlying operating profit | 45 | 44 | +2 |
| Uncoated Fine Paper | 30 | 32 | -6 |
| Corrugated | 15 | 12 | +25 |
| Capital expenditure [1] | 23 | 11 | +109 |
| Net segment assets | 789 | 981 | -20 |
| Return on capital employed (%) | 10.6% | 9.9% | +7 |

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

The South Africa Division recorded a small increase in underlying operating profits of €1 million. An increase in profitability towards the end of the period followed a slow start due partially to the loss of more than three weeks of production at Richards Bay (largely as a result of an extensive maintenance shut versus none in 2007). Throughout the period substantial progress was made on the management of product mix to optimise margins as opposed to volumes. Results towards the end of the period benefited from product mix changes as well as selling price increases for both domestic (5% increase effective 1 May) and export sales (following a 23% weakening of the rand). The Division has also delivered €6 million in cost savings in the period.

In the domestic market (which represents about one third of the Division's UFP volume), further price increases of up to 15% have been announced for implementation during August. This will more than compensate for rising domestic input costs. The domestic market for UFP continues to grow at around 6% per annum. Sales to Africa (which represent circa one third of the division's UFP volume) also continue to grow, where price increases (quoted in US dollars) of around 5% are in progress. The remaining UFP volume, which is destined for the international markets, will benefit from the weaker rand.

The corrugated operations consist of the white top linerboard machine at Richards Bay with approximately 80% of its production exported. The global supply/demand balance remained favourable and there have been no announcements of new capacity additions. Corrugated profits were up in the period with export sales benefiting from the weaker rand.

These factors should support the ongoing improvement in the South Africa Division's results on translation into euros for the full year.

**Mondi Packaging South Africa (MPSA)**

| **€ million** | **Six months June 2008** | Six months June 2007 | Half year change % |
|---|---|---|---|
| Segment revenue | 223 | 173 | +29 |
| - of which inter-segment revenue | 14 | 17 | -18 |
| EBITDA | 27 | 21 | +29 |
| Underlying operating profit | 14 | 15 | -7 |
| Capital expenditure [1] | 25 | 14 | +79 |
| Net segment assets | 308 | 207 | +49 |

| | | | |
|---|---|---|---|
| Return on capital employed (%) | 11.1% | 18.8% | -41 |

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

Demand and pricing remained positive with corrugated packaging and corrugated case material volumes up 7% and 3% respectively versus the comparator period. This performance was helped by good demand from the agricultural sector, which represents half of MPSA's corrugated box revenue. The agriculture sector is highly export driven and is expected to continue to enjoy good volume growth. Double digit price increases are targeted for the domestic containerboard market with effect from 1 October. The Lenco acquisition (rigid plastics manufacturer) completed in July 2007 contributed positively to profits, in particular EBITDA, and is now performing better after a slow start. The improved local performance is however impacted on translation into euros at the much weaker rand rate and a €2 million charge for the amortisation of Lenco intangibles (2007: nil).

Progress on the execution of major projects has been good with the Felixton rebuild which was commissioned on time 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 fast growing domestic market.

**Merchant and Newsprint**

| € million | Six months June 2008 | Six months June 2007 | Half year change % |
|---|---|---|---|
| Segment revenue | 293 | 286 | +2 |
| - of which inter-segment revenue | - | 1 | n/a |
| EBITDA | 18 | 27 | -33 |
| Underlying operating profit | 10 | 16 | -38 |
| Capital expenditure [1] | 5 | 8 | -38 |
| Net segment assets | 248 | 265 | -6 |
| Return on capital employed (%) | 15.0% | 14.1% | +6 |

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

At Europapier volumes and prices remained firm with good demand in emerging Europe and Russia. At Mondi Shanduka Newsprint earnings were up in local currency with volume and price increases largely eroded by a significantly weaker rand exchange rate. Mondi's joint venture, Aylesford Newsprint (which accounted for just under half the Divisions 2007 full year operating profit), has seen a significant deterioration in profitability 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 should see competition from imports lessen.

**Corporate and other**

Net corporate costs are €7 million higher than the comparable period in 2007 due to the establishment of Mondi's own corporate capacity following the demerger from Anglo American plc as well as the disposal of non-core businesses at the end of 2007 that contributed circa €2 million of profits in the comparable period.

**Input costs and currency**

External wood cost pressures have continued to ease but waste-based fibre costs were up by circa 20% on the comparable period although they started to fall towards the end of the 2008 first half. Other input cost pressures remain a concern and the rising oil price continues to feed through into rising energy and transport bills. Importantly, our results continued to benefit from Mondi's ongoing focus on cost reductions, restructuring and productivity improvements, all of which help to mitigate the impact of cost inflation and delivered €58 million in cost savings during the period.

The relatively modest levels of net export dependency of UFP and containerboard (circa 5% versus 20% for most coated and graphic paper grades) have helped to limit the impact of the weak US dollar for Mondi. Whilst the profitability of export sales from South Africa have benefited from the weakness of the Rand, the strength of the emerging European currencies (up circa 5 to 10 % against the Euro) has impacted on the Polish, Czech and Slovakian operations' margins for Euro based exports.

**Restructuring and operating special items**

The previously announced closure of our 140,000 tonne uncoated fine paper mill in Hungary was completed during the period (production ceased on 20 March 2008). We also completed the restructuring and simplification of our European UFP divisional structure and are now beginning to see the benefits of these actions coming through. The charge for impairment of the Hungarian site was recognised in the 2007 results and closure and other costs of €26 million have been disclosed as a special item in the first half. In addition, we incurred a €5 million charge on the closure of the Nyborg Bags & Specialities plant in Denmark with certain of the volumes transferred within Mondi.

**Loss on sale**

The €3 million loss on sale of the remaining United Kingdom Corrugated sheet feeder plants for an enterprise value of €23 million has been reflected as a special item.

**Net finance costs**

Overall finance charges were higher than the comparable period. For the first half of 2007 Mondi was a subsidiary of Anglo American plc and operated under a different capital structure which resulted in lower finance charges.

**Taxation**

The effective tax rate before special items, of 29% is down one percentage point on the comparable period and is similar to the 2007 year end rate. This is mainly a result of lower tax rates in our key geographies. The reported tax rate after special items of 36% is 12 percentage points higher than the comparator period in 2007, principally as disposals in the first half of 2007 were realised in a tax efficient manner.

**Minority interests**

Minority interests for the half year were €3 million lower than the comparator period as earnings were down at the significant operations where there are non-controlling interests particularly in our Corrugated operations within Europe & International.

**Cash flow and borrowings**

As expected, Group borrowings have increased by €148 million since the year end as the rate of capital expenditure increases due to the commencement of the two key capital projects in Poland and Russia. In the period €140 million was spent on these two projects versus nil in the comparator period (full year 2007: €40 million). Mondi's other major primary production sites are well invested following major projects in recent years and, as such, capital expenditure going forward will reduce to levels below depreciation.

Mondi enjoys a strong financial position and as at the end of June the Group had just under €1.1 billion of undrawn committed debt facilities (€0.8 billion of which is available under a €1.55 billion facility expiring on 22 June 2012).

**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.

The markets for paper and packaging products are highly competitive, with many participants and prices determined by market conditions including industry operating capacities and exchange rates. 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 significant exposure to low cost emerging markets provides some measure of protection from market conditions.

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 relatively high level of integration and access to its own fibre in Russia and South Africa, acts to help mitigate this risk.

Mondi has announced 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.

**Board and Group Executive**

As stated in the prospectus, a requirement of the South African Ministry of Finance is that the Chief financial officer's role is based at the head office in South Africa from the beginning of 2009. Paul Hollingworth, our Chief financial officer, has decided not to relocate and as such, will step down from the Board as Chief financial officer during the fourth quarter. He will stay with Mondi until the end of December 2008. Mondi would like to thank Paul for his significant contribution to the Group and also for 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 7 years, latterly as Group strategy and business development director, who will take up the position of Chief financial officer and will be based in South Africa. Andrew King will join the Board as Chief financial officer during the fourth quarter.

**Interim dividend**

An interim dividend of 7.7 euro cents per share, an increase of 5.5%, will be paid on 16 September 2008 to those shareholders on the register of Mondi plc on 29 August 2008.

An equivalent interim dividend will be paid in South African rand on 16 September 2008 to shareholders on the register of Mondi Limited on 29 August 2008. Holders of Mondi Limited Depositary Interests who hold their interests through Equiniti Corporate Nominee Ltd will receive their dividend in UK sterling on 23 September 2008.

**Current year outlook**

The 8% increase in first half underlying operating profits against a worsening economic backdrop is a good result. It is testament to Mondi's strategic positioning, in particular, its broad business base with leading market positions, emerging market focus, including major positions in South Africa and Russia (where demand is good), continued push to drive down costs and a willingness to respond quickly to changing market conditions.

In the second half, South Africa should see a further improvement as actions to enhance profitability continue to take effect. This should help to offset a softening trading environment in Europe. Overall Mondi expects to make progress for the year as a whole.

# 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 IAS 34, ‘Interim Financial Reporting’;
- The Half-yearly report includes a fair review of the important events during the six months ended 30 June 2008 and a description of the principal risks and uncertainties for the remaining six months of the year ending 31 December 2008;
- There have been no changes in the Group’s related party relationships from those reported in the Group’s annual financial statements for the year ended 31 December 2007; and
- The Half-yearly report includes a fair review of the Group’s related party transactions.

By order of the Boards,

| | |
|---|---|
| **David Hathorn** | **Paul Hollingworth** |
| Director | Director |

29 July 2008

# Independent review report to the members of Mondi Limited

## Introduction

We have been instructed by the company to review the condensed financial information of the Mondi Group for the six months ended 30 June 2008 which comprises the condensed combined and consolidated income statement, the condensed combined and consolidated balance sheet, the condensed combined and consolidated cash flow statement, the condensed combined and consolidated statement of total recognised income and expense and related notes 1 to 20. 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 financial information.

## Directors' responsibilities

The Half-yearly report, including the financial information contained therein, 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 basis of preparation set out in note 1, the JSE Listing Requirements and the requirements of International Accounting Standard 34, "Interim Financial Reporting", which require that the accounting policies and presentation applied to the Half-yearly figures are consistent with those applied in preparing the preceding audited financial information except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with the guidance contained in International Standards on Review Engagements 2410 - "Review of Interim Financial Information performed by Independent Auditor of the Entity" issued by the International Accounting Standards Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review 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 report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

**Deloitte & Touche**

Per C Sagar

Partner

29 July 2008

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.

# Independent review report to the members of Mondi plc

We have been engaged by the company to review the condensed set of financial statements in the Half-yearly report for the six months ended 30 June 2008 which comprises the condensed combined and consolidated income statement, the condensed combined and consolidated balance sheet, the condensed combined and consolidated cash flow statement, the condensed combined and consolidated statement of recognised income and expense and related notes 1 to 20. 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 set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 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.

**Directors' responsibilities**

The Half-yearly 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 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 report based on our review.

**Scope of Review**

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 report for the six months ended 30 June 2008 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 & Touche LLP**

Chartered Accountants and Registered Auditor

29 July 2008

London, UK

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# Condensed combined and consolidated income statement

For the six months ended 30 June 2008

| | | **(Reviewed)** | | | (Reviewed) | | | (Audited) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Six months ended 30 June 2008** | | | Six months ended 30 June 2007 | | | Year ended 31 December 2007 | | |
| *€ million* | Note | **Before special items** | **Special items (note 5)** | | Before special items | Special items (note 5) | | Before special items | Special items (note 5) | |
| **Group revenue** | 4 | **3,263** | **-** | **3,263** | 3,052 | - | 3,052 | 6,269 | - | 6,269 |
| Materials, energy and consumables used | | (1,729) | - | (1,729) | (1,577) | - | (1,577) | (3,265) | - | (3,265) |
| Variable selling expenses | | (281) | - | (281) | (280) | - | (280) | (558) | - | (558) |
| **Gross margin** | | **1,253** | **-** | **1,253** | 1,195 | - | 1,195 | 2,446 | - | 2,446 |
| Maintenance and other indirect expenses | | (143) | - | (143) | (130) | - | (130) | (289) | - | (289) |
| Personnel costs | | (470) | (17) | (487) | (446) | (5) | (451) | (906) | (17) | (923) |
| Other net operating expenses | | (184) | (16) | (200) | (198) | - | (198) | (381) | - | (381) |
| Depreciation and amortisation | | (193) | (3) | (196) | (178) | (3) | (181) | (368) | (60) | (428) |
| **Operating profit/(loss) from subsidiaries and joint ventures** | 4 | **263** | **(36)** | **227** | 243 | (8) | 235 | 502 | (77) | 425 |
| Net (loss)/profit on disposals | 5 | - | (3) | (3) | - | 84 | 84 | - | 83 | 83 |
| Net income from associates | | 2 | - | 2 | 2 | - | 2 | 2 | - | 2 |
| **Total profit/(loss) from operations and associates** | | **265** | **(39)** | **226** | 245 | 76 | 321 | 504 | 6 | 510 |
| Investment income | | 19 | - | 19 | 21 | - | 21 | 44 | - | 44 |
| Interest expense | | (74) | - | (74) | (63) | (29) | (92) | (143) | (29) | (172) |
| **Net finance costs** | 6 | **(55)** | **-** | **(55)** | (42) | (29) | (71) | (99) | (29) | (128) |
| **Profit/(loss) before tax** | | **210** | **(39)** | **171** | 203 | 47 | 250 | 405 | (23) | 382 |
| Taxation (charge)/credit | 7 | (61) | - | (61) | (61) | 1 | (60) | (117) | 15 | (102) |
| **Profit/(loss) for the financial period/year** | | **149** | **(39)** | **110** | 142 | 48 | 190 | 288 | (8) | 280 |
| Attributable to: | | | | | | | | | | |
| Minority interests | | 23 | - | 23 | 26 | - | 26 | 47 | - | 47 |
| Equity holders | | 126 | (39) | 87 | 116 | 48 | 164 | 241 | (8) | 233 |
| **Pro forma earnings per share ('EPS') for profit attributable to equity holders** | | | | | | | | | | |
| Basic EPS (€ cents) | 8 | | | **17.1** | | | 31.9 | | | 45.4 |
| Diluted EPS (€ cents) | 8 | | | **16.9** | | | 31.9 | | | 45.1 |
| Basic underlying EPS (€ cents) | 8 | | | **24.8** | | | 22.6 | | | 46.9 |
| Diluted underlying EPS (€ cents) | 8 | | | **24.4** | | | 22.6 | | | 46.7 |
| Basic headline EPS (€ cents) | 8 | | | **18.3** | | | 17.3 | | | 39.5 |
| Diluted headline EPS (€ cents) | 8 | | | **18.0** | | | 17.3 | | | 39.3 |

There were no discontinued operations in any of the periods presented.

# Condensed combined and consolidated balance sheet

As at 30 June 2008

| *€ million* | Note | **(Reviewed) As at 30 June 2008** | (Reviewed) As at 30 June 2007 | (Audited) As at 31 December 2007 |
|---|---|---|---|---|
| Intangible assets | | 524 | 381 | 520 |
| Property, plant and equipment | | 3,750 | 3,594 | 3,731 |
| Forestry assets | | 206 | 220 | 224 |
| Investments in associates | | 7 | 7 | 6 |
| Financial asset investments | | 25 | 25 | 25 |
| Deferred tax assets | | 39 | 40 | 32 |
| Retirement benefits surplus | | 15 | 8 | 11 |
| Derivative financial instruments | | 5 | - | - |
| **Total non-current assets** | | **4,571** | 4,275 | 4,549 |
| Inventories | | 759 | 710 | 760 |
| Trade and other receivables | | 1,349 | 1,355 | 1,304 |
| Current tax assets | | 24 | 33 | 52 |
| Cash and cash equivalents | 10 | 152 | 176 | 180 |
| Derivative financial instruments | | 19 | 7 | 17 |
| **Total current assets** | | **2,303** | 2,281 | 2,313 |
| Assets held for sale | | - | 2 | - |
| **Total assets** | | **6,874** | 6,558 | 6,862 |
| Short-term borrowings | 10 | (406) | (311) | (453) |
| Trade and other payables | | (1,095) | (1,016) | (1,150) |
| Current tax liabilities | | (87) | (87) | (81) |
| Provisions | | (14) | (9) | (14) |
| Derivative financial instruments | | (14) | (2) | (3) |
| **Total current liabilities** | | **(1,616)** | (1,425) | (1,701) |
| Medium and long-term borrowings | 10 | (1,401) | (1,200) | (1,234) |
| Retirement benefits obligation | | (190) | (212) | (200) |
| Deferred tax liabilities | | (313) | (317) | (322) |
| Provisions | | (46) | (42) | (50) |
| Other non-current liabilities | | (16) | (15) | (17) |
| Derivative financial instruments | | - | - | (2) |
| **Total non-current liabilities** | | **(1,966)** | (1,786) | (1,825) |
| **Total liabilities** | | **(3,582)** | (3,211) | (3,526) |
| **Net assets** | | **3,292** | 3,347 | 3,336 |
| **Equity** | | | | |
| Anglo American plc investment in the Group | 11 | - | 2,051 | - |
| Ordinary share capital | 11 | 114 | - | 114 |
| Share premium | 11 | 532 | - | 532 |
| Retained earnings and other reserves | 11 | 2,239 | 944 | 2,317 |
| **Total attributable to equity holders** | | 2,885 | 2,995 | 2,963 |
| Minority interests | | 407 | 352 | 373 |
| | | **3,292** | 3,347 | 3,336 |

# Condensed combined and consolidated cash flow statement

For the six months ended 30 June 2008

| *€ million* | Note | **(Reviewed) Six months ended 30 June 2008** | (Reviewed) Six months ended 30 June 2007 | (Audited) Year ended 31 December 2007 |
|---|---|---|---|---|
| Cash inflows from operations | | 310 | 356 | 957 |
| Dividends from associates | | - | 1 | 1 |
| Income tax paid | | (27) | (40) | (93) |
| **Net cash inflows from operating activities** | | **283** | 317 | 865 |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiaries, net of cash and cash equivalents | | (35) | (7) | (193) |
| Proceeds from disposal of subsidiaries, net of cash and cash equivalents | | 2 | 103 | 112 |
| Proceeds from disposal of associates | | - | 54 | 54 |
| Purchases of property, plant and equipment | 12 | (313) | (139) | (406) |
| Proceeds from disposal of property, plant and equipment | 12 | 7 | 4 | 17 |
| Investment in forestry assets | | (22) | (19) | (41) |
| Purchase of available for sale investments | | - | - | (2) |
| Purchase of intangible assets | | (4) | (2) | (4) |
| Proceeds from disposal of available-for-sale investments | | 2 | - | 2 |
| Loan (advances to)/repayments from related parties | | (2) | 11 | 15 |
| Interest received | | 9 | 9 | 18 |
| Other investing activities | | 1 | (1) | (6) |
| **Net cash (used in)/generated from investing activities** | | **(355)** | 13 | (434) |
| **Cash flows from financing activities** | | | | |
| Repayment of short-term borrowings | 10 | (143) | (889) | (945) |
| Proceeds from medium and long-term borrowings | 10 | 285 | 548 | 564 |
| Interest paid | | (69) | (88) | (139) |
| Dividends paid to minority interests | | (9) | (21) | (47) |
| Dividends paid to equity holders | 9,11 | (80) | - | (38) |
| Dividends paid to Anglo American plc group companies | 11 | - | (202) | (202) |
| Increase in Anglo American plc invested capital | 11 | - | 120 | 120 |
| Purchase of treasury shares | 11 | (15) | - | (33) |
| Other financing activities | | 13 | (10) | 3 |
| **Net cash used in financing activities** | | **(18)** | (542) | (717) |
| **Net decrease in cash and cash equivalents[1]** | | **(90)** | (212) | (286) |
| Cash and cash equivalents[1] at start of period/year | 10 | 59 | 358 | 358 |
| Cash movements in the period/year | 10 | (90) | (212) | (286) |
| Reclassifications | 10 | - | (3) | (3) |
| Effects of changes in foreign exchange rates | 10 | 1 | (7) | (10) |
| **Cash and cash equivalents[1] at end of period/year** | | **(30)** | 136 | 59 |

Note:

1. Includes overdrafts and, for applicable periods, cash balances held in disposal groups.

# Condensed combined and consolidated statement of recognised income and expense

For the six months ended 30 June 2008

| *€ million* | **(Reviewed) Six months ended 30 June 2008** | (Reviewed) Six months ended 30 June 2007 | (Audited) Year ended 31 December 2007 |
|---|---|---|---|
| Fair value gains/(losses) accreted on cash flow hedges, net of amounts recycled to the combined and consolidated income statement | 6 | (4) | (3) |
| Actuarial gains/(losses) on post-retirement benefit schemes | 2 | (19) | 12 |
| Fair value losses on available-for-sale investments | - | - | (1) |
| Exchange gains on demerger | - | - | 9 |
| Exchange losses on translation of foreign operations | (64) | (35) | (71) |
| Other movements | - | 2 | (1) |
| **Total expense recognised directly in equity[1]** | **(56)** | (56) | (55) |
| Profit for the period/year | 110 | 190 | 280 |
| **Total recognised income for the period/year** | **54** | 134 | 225 |
| Attributable to: | | | |
| Minority interests | 46 | 32 | 56 |
| Equity holders | 8 | 102 | 169 |

Note:

1 Net of related tax

# Notes to the condensed combined and consolidated financial information

## 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.

During the six months ended 30 June 2007, the Group did not form a separate legal group. The equity reconciliation for this period shows the movement in the Anglo American plc equity interest in the Group.

The condensed combined and consolidated Half-yearly financial information for the six months ended 30 June 2008 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 2007, which have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs). There are no differences for the Group in applying IFRSs as issued by the International Accounting Standards Board and as endorsed by the European Union (EU). Consequently, the Group's annual financial statements for the year ended 31 December 2007 are also compliant with IFRSs as endorsed by the EU.

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined by section 240 of the Companies Act 1985 of the United Kingdom. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report was not qualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

## 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 2007.

In line with the transitional provisions of IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' the Group has retrospectively increased its surplus restriction as at 30 June 2007 and a consequential decrease in the Group's combined and consolidated net assets of €12 million has been recognised. The Group's retirement benefits surplus as at the same date has decreased from €25 million to €8 million. The Group's reported earnings for the six months ended 30 June 2007 are unaffected by this adjustment and there is therefore no impact on the Group's reported EPS for same period.

## 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

As described in the Group's annual financial statements for the year ended 31 December 2007 and the Group's interim management statement for the period ended 30 April 2008, from 1 January 2008, in place of the former business units of Mondi Packaging and Mondi Business Papers, the Group operates through two divisions: Europe & International and South Africa. Segmental comparators have been retrospectively restated to conform to the new reporting structure.

**Primary reporting format – by business segment**

The Group's revenues are disclosed by business segment as follows:

| | | | | (Restated) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Six months ended 30 June 2008** | | | Six months ended 30 June 2007 | | | Year ended 31 December 2007 | | |
| *€ million* | **Segment revenue** | **Inter-segment revenue** | **Group revenue** | Segment revenue | Inter-segment revenue | Group revenue | Segment revenue | Inter-segment revenue | Group revenue |
| Europe & International | | | | | | | | | |
| Bags & Specialities | 1,121 | (10) | 1,111 | 994 | (11) | 983 | 2,005 | (19) | 1,986 |
| Uncoated Fine Paper | 846 | (92) | 754 | 837 | (85) | 752 | 1,666 | (177) | 1,489 |
| Corrugated | 830 | (34) | 796 | 756 | (21) | 735 | 1,616 | (55) | 1,561 |
| Intra-segment elimination | (55) | 55 | - | (43) | 43 | - | (98) | 98 | - |
| | 2,742 | (81) | 2,661 | 2,544 | (74) | 2,470 | 5,189 | (153) | 5,036 |
| South Africa | | | | | | | | | |
| Uncoated Fine Paper | 221 | (122) | 99 | 248 | (121) | 127 | 491 | (267) | 224 |
| Corrugated | 63 | (62) | 1 | 60 | (60) | - | 125 | (125) | - |
| Intra-segment elimination | (10) | 10 | - | (13) | 13 | - | (25) | 25 | - |
| | 274 | (174) | 100 | 295 | (168) | 127 | 591 | (367) | 224 |
| Mondi Packaging South Africa | 223 | (14) | 209 | 173 | (17) | 156 | 419 | (28) | 391 |
| Merchant and Newsprint | 293 | - | 293 | 286 | (1) | 285 | 591 | (1) | 590 |
| Corporate and other businesses | - | - | - | 14 | - | 14 | 28 | - | 28 |
| Inter-segment revenue | (269) | 269 | - | (260) | 260 | - | (549) | 549 | - |
| **Group total** | **3,263** | **-** | **3,263** | 3,052 | - | 3,052 | 6,269 | - | 6,269 |

## 4 Segmental information (continued)

The Group's operating result, both before and after operating special items, is disclosed by business segment as follows:

| € million | Segment operating profit *before* special items[1] | | | Segment operating profit *after* special items[1] | | |
|---|---|---|---|---|---|---|
| | | (Restated) | | | (Restated) | |
| | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 Dec 2007 | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 Dec 2007 |
| Europe & International | | | | | | |
| Bags & Specialities | 109 | 80 | 154 | 103 | 80 | 153 |
| Uncoated Fine Paper | 69 | 48 | 99 | 42 | 48 | 36 |
| Corrugated | 37 | 54 | 133 | 35 | 54 | 128 |
| | 215 | 182 | 386 | 180 | 182 | 317 |
| South Africa | | | | | | |
| Uncoated Fine Paper | 30 | 32 | 53 | 30 | 28 | 48 |
| Corrugated | 15 | 12 | 25 | 15 | 12 | 25 |
| | 45 | 44 | 78 | 45 | 40 | 73 |
| Mondi Packaging South Africa | 14 | 15 | 35 | 14 | 16 | 35 |
| Merchant and Newsprint | 10 | 16 | 40 | 10 | 16 | 40 |
| Corporate and other businesses | (21) | (14) | (37) | (22) | (19) | (40) |
| **Group total**[2] | **263** | 243 | 502 | **227** | 235 | 425 |

Notes:

1 Special items are set out in note 5.

2 Stated after green energy sales and disposal of emissions credits totalling €23 million (30 June 2007: €19 million; 31 December 2007: €42 million), which are included within 'Other net operating expenses' in the Group's condensed combined and consolidated income statement.

## 4 Segmental information (continued)

The Group's operating segment net assets are presented, and reconciled to 'Net assets' in the Group's condensed combined and consolidated balance sheet, as follows:

| | | | | (Restated) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **As at 30 June 2008** | | | As at 30 June 2007 | | | As at 31 December 2007 | | |
| *€ million* | **Segment assets** | **Segment liabilities** | **Net segment assets[1]** | Segment assets | Segment liabilities | Net segment assets[1] | Segment assets | Segment liabilities | Net segment assets[1] |
| Europe & International | | | | | | | | | |
| Bags & Specialities | 1,965 | (313) | 1,652 | 1,788 | (271) | 1,517 | 1,851 | (305) | 1,546 |
| Uncoated Fine Paper | 1,605 | (200) | 1,405 | 1,556 | (197) | 1,359 | 1,491 | (203) | 1,288 |
| Corrugated | 1,356 | (247) | 1,109 | 1,117 | (238) | 879 | 1,389 | (316) | 1,073 |
| Intra-segment elimination | (30) | 30 | - | (19) | 19 | - | (45) | 45 | - |
| | 4,896 | (730) | 4,166 | 4,442 | (687) | 3,755 | 4,686 | (779) | 3,907 |
| South Africa | | | | | | | | | |
| Uncoated Fine Paper | 765 | (99) | 666 | 939 | (114) | 825 | 913 | (100) | 813 |
| Containerboard | 138 | (15) | 123 | 168 | (12) | 156 | 165 | (12) | 153 |
| Intra-segment elimination | (2) | 2 | - | (4) | 4 | - | (4) | 4 | - |
| | 901 | (112) | 789 | 1,103 | (122) | 981 | 1,074 | (108) | 966 |
| Mondi Packaging South Africa | 385 | (77) | 308 | 269 | (62) | 207 | 426 | (92) | 334 |
| Merchant and Newsprint | 330 | (82) | 248 | 349 | (84) | 265 | 337 | (90) | 247 |
| Corporate and other businesses | 5 | (2) | 3 | 25 | (6) | 19 | 12 | (14) | (2) |
| Inter-segment elimination | (110) | 110 | - | (108) | 108 | - | (157) | 157 | - |
| **Segments total** | **6,407** | **(893)** | **5,514** | 6,080 | (853) | 5,227 | 6,378 | (926) | 5,452 |
| **Unallocated:** | | | | | | | | | |
| Investment in associates | 7 | - | 7 | 7 | - | 7 | 6 | - | 6 |
| Deferred tax assets/(liabilities) | 39 | (313) | (274) | 40 | (317) | (277) | 32 | (322) | (290) |
| Other non-operating assets/(liabilities)[2] | 244 | (569) | (325) | 230 | (530) | (300) | 241 | (591) | (350) |
| **Group trading capital employed** | **6,697** | **(1,775)** | **4,922** | 6,357 | (1,700) | 4,657 | 6,657 | (1,839) | 4,818 |
| Financial investments | 25 | - | 25 | 25 | - | 25 | 25 | - | 25 |
| Net debt | 152 | (1,807) | (1,655) | 176 | (1,511) | (1,335) | 180 | (1,687) | (1,507) |
| **Group net assets** | **6,874** | **(3,582)** | **3,292** | 6,558 | (3,211) | 3,347 | 6,862 | (3,526) | 3,336 |

Notes:

1 Net segment assets are operating assets less operating liabilities. Operating assets are intangible assets, tangible assets, forestry assets, retirement benefits surplus, inventories and operating receivables. Operating liabilities are non-interest bearing current liabilities, restoration and decommissioning provisions and provisions for post-retirement benefits.

2 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 held for sale.

## 4 Segmental information (continued)

### Secondary reporting format – by geographical segment

The Group's revenues are presented by customer location as follows:

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| South Africa | 284 | 291 | 618 |
| Rest of Africa | 133 | 93 | 213 |
| Western Europe | 1,552 | 1,587 | 3,162 |
| Eastern Europe | 688 | 492 | 1,148 |
| Russia | 224 | 258 | 421 |
| North America | 97 | 98 | 194 |
| South America | 15 | 10 | 29 |
| Asia and Australia | 270 | 223 | 484 |
| **Group total** | **3,263** | 3,052 | 6,269 |

The Group's revenues are presented by geographical origin as follows:

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| South Africa | 470 | 469 | 995 |
| Rest of Africa | 6 | 5 | 12 |
| Western Europe | 1,475 | 1,376 | 2,840 |
| Eastern Europe | 895 | 797 | 1,615 |
| Russia | 282 | 270 | 546 |
| North America | 58 | 61 | 121 |
| Asia and Australia | 77 | 74 | 140 |
| **Group total** | **3,263** | 3,052 | 6,269 |

## 4 Segmental information (continued)

The Group's operating assets and liabilities are presented by geographical location as follows:

| | **As at 30 June 2008** | | | As at 30 June 2007 | | | As at 31 December 2007 | | |
|---|---|---|---|---|---|---|---|---|---|
| *€ million* | **Segment assets** | **Segment liabilities** | **Net segment assets** | Segment assets | Segment liabilities | Net segment assets | Segment assets | Segment liabilities | Net segment assets |
| South Africa | 1,266 | (141) | 1,125 | 1,411 | (183) | 1,228 | 1,444 | (139) | 1,305 |
| Rest of Africa | 12 | (4) | 8 | 11 | (6) | 5 | 19 | (5) | 14 |
| Western Europe | 2,204 | (374) | 1,830 | 2,310 | (378) | 1,932 | 2,376 | (546) | 1,830 |
| Eastern Europe | 2,132 | (282) | 1,850 | 1,676 | (196) | 1,480 | 1,855 | (144) | 1,711 |
| Russia | 576 | (40) | 536 | 446 | (35) | 411 | 446 | (27) | 419 |
| North America | 97 | (12) | 85 | 113 | (16) | 97 | 112 | (20) | 92 |
| Asia and Australia | 120 | (40) | 80 | 113 | (39) | 74 | 126 | (45) | 81 |
| **Group total** | 6,407 | (893) | 5,514 | 6,080 | (853) | 5,227 | 6,378 | (926) | 5,452 |

## 5 Special items

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Operating special items** | | | |
| Asset impairments and closure costs | | | |
| Uncoated Fine Paper (Europe & International) | (26) | - | (57) |
| Bags & Specialities (Europe & International) | (5) | - | - |
| Uncoated Fine Paper (South Africa) | - | (4) | (4) |
| | (31) | (4) | (61) |
| Mondi Packaging South Africa negative goodwill | - | 1 | 1 |
| Retention arrangements | (5) | (5) | (9) |
| Accelerated charge on Anglo American plc share-based award schemes | - | - | (8) |
| **Total operating special items** | **(36)** | (8) | (77) |
| **Non-operating special items** | | | |
| Disposal of UK Corrugated sheet feeder business | (3) | - | - |
| Disposal of partial interest in Mondi Packaging Paper Swiecie | **-** | 57 | 57 |
| Disposal of interest in Bischof + Klein GmbH | - | 19 | 19 |
| Sale of assets and other items | - | 8 | 7 |
| **Net (loss)/profit on disposal** | **(3)** | 84 | 83 |
| Financing cost | - | (29) | (29) |
| **Total non-operating special items** | **(3)** | 55 | 54 |
| **Total special items before tax** | **(39)** | 47 | (23) |
| Taxation | - | 1 | 15 |
| **Total special items after tax**[1] | **(39)** | 48 | (8) |

Note:
1 Attributable to equity holders of the Group.

## 5 Special items (continued)

*Operating special items*

The previously announced closure of the Group's 140,000 tonne uncoated fine paper mill in Hungary was completed during the period (production ceased on 20 March 2008). The Group also completed the restructuring and simplification of the European Uncoated Fine Paper divisional structure and is now beginning to see the benefits of these actions coming through. The charge for impairment of the Hungarian site was recognised in the 2007 results and closure and other costs of €26 million have been disclosed as a special item in the first half. In addition, the Group incurred a €5 million charge on the closure of the Nyborg Bags & Specialities plant in Denmark with certain of the volumes transferred within Mondi.

The equity-settled retention arrangements for the Group's senior management resulted in a share-based payments incremental fair value charge of €5 million. It is expected that a further €10 million will be incurred under these retention arrangements over the period ending 2 July 2009.

*Non-operating special items*

The Group disposed of its equity interest in the Corrugated sheet feeder business in the United Kingdom for €3 million and recorded an associated loss of €3 million.

## 6 Net finance costs

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Investment income** | | | |
| Interest and other financial income | 8 | 9 | 24 |
| Expected return on defined benefit arrangements | 10 | 10 | 22 |
| Foreign currency gains/(losses) [1] | 1 | 2 | (2) |
| **Total investment income** | **19** | 21 | 44 |
| **Interest expense** | | | |
| Interest on bank loans, overdrafts and finance leases [2] | (67) | (52) | (119) |
| Interest on defined benefit arrangements | (13) | (13) | (28) |
| | (80) | (65) | (147) |
| Less: interest capitalised | 6 | 2 | 4 |
| **Total interest expense before special items** | **(74)** | (63) | (143) |
| Special items financing cost | - | (29) | (29) |
| **Total interest expense after special items** | **(74)** | (92) | (172) |
| **Net finance costs** | **(55)** | (71) | (128) |

Notes:

1 Net of fair value movements attributable to forward foreign exchange contracts.

2 Net of fair value movements attributable to interest rate swap contracts

## 7 Income tax expense

| € million | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| United Kingdom | - | - | (1) |
| Overseas | 55 | 58 | 88 |
| | 55 | 58 | 87 |
| Deferred taxation | 6 | 2 | 15 |
| | **61** | **60** | **102** |

The Group's estimated effective annual income tax rate applied to the Group's underlying interim pre tax earnings is 29% (six months ended 30 June 2007: 30%). The Group's estimated effective annual income tax rate applied to the Group's interim pre tax earnings is 36% (six months ended 30 June 2007: 24%).

The Group's share of associated undertakings' taxation for the six months ended 30 June 2008 is €0.5 million (six months ended 30 June 2007: €0.4 million, year ended 31 December 2007: €1.0 million).

## 8 Pro forma EPS

The Group completed its demerger from the Anglo American plc group of companies on 2 July 2007 ('the demerger date'). The ordinary shares of Mondi Limited and Mondi plc were then admitted to the Johannesburg Securities Exchange ('JSE') and the London Stock Exchange respectively on 3 July 2007 ('the listing date'). In order to provide a meaningful comparison, the number of ordinary shares issued on the listing date has been retrospectively applied to the earnings reported for the comparative Half-yearly period, which falls prior to the demerger date.

| *€ cents per share* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Profit for the financial period/year attributable to equity holders** | | | |
| Basic EPS | **17.1** | 31.9 | 45.4 |
| Diluted EPS | **16.9** | 31.9 | 45.1 |
| **Underlying earnings for the financial period/year[1]** | | | |
| Basic EPS | **24.8** | 22.6 | 46.9 |
| Diluted EPS | **24.4** | 22.6 | 46.7 |
| **Headline earnings for the financial period/year[2]** | | | |
| Basic EPS | **18.3** | 17.3 | 39.5 |
| Diluted EPS | **18.0** | 17.3 | 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. Please see the reconciliation below.

2 The presentation of headline EPS is mandated under the JSE Listing Requirements. Headline earnings has been calculated in accordance with Circular 8/2007, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants. Please see the reconciliation below.

## Pro forma EPS (continued)

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Profit for the financial period/year attributable to equity holders** | **87** | 164 | 233 |
| Special items: operating | 36 | 8 | 77 |
| Special items: financing costs | - | 29 | 29 |
| Net loss/(profit) on disposals | 3 | (84) | (83) |
| Related tax | - | (1) | (15) |
| **Underlying earnings for the financial period/year** | **126** | 116 | 241 |
| Special items: restructuring and closure costs | (28) | - | - |
| Special items: financing costs | - | (29) | (29) |
| Special items: retention arrangements | (5) | (5) | (9) |
| Special items: accelerated charges on exiting Anglo American plc share and option schemes | - | - | (8) |
| Loss on disposal of tangible fixed assets | - | 1 | 1 |
| Related tax | - | 6 | 7 |
| **Headline earnings for the financial period/year** | **93** | 89 | 203 |

| *Million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Basic number of ordinary shares[1] outstanding[2]** | **508** | 514 | 513 |
| Effect of dilutive potential ordinary shares[3] | 8 | - | 4 |
| **Diluted number of ordinary shares outstanding** | **516** | 514 | 517 |

Note:

1 The total number of ordinary shares in issue as at 30 June 2008 is 514,137,127, which is comprised of 146,896,322 Mondi Limited R0.20 ordinary shares listed on the JSE Limited and 367,240,805 €0.20 ordinary shares listed on the London Stock Exchange.

2 The basic number of ordinary shares outstanding represents the weighted average number in issue for Mondi Limited and Mondi plc, pro-rated for the year ended 31 December 2007, as adjusted for the weighted average number of treasury shares held.

3 Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

## 9 Dividends

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Amounts recognised as distributions to equity holders** | | | |
| Final and interim dividends paid | **80** | - | 38 |
| **Amounts proposed as distributions to equity holders[1]** | | | |
| Proposed interim and final dividends | **40** | 38 | 80 |
| **Full year dividend paid and proposed** | | | 118 |

## 9 Dividends (continued)

| *€ cents* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Amounts recognised as distributions to equity holders** | | | |
| Final and interim dividends paid | **15.7** | - | 7.3 |
| **Amounts proposed as distributions to equity holders[1]** | | | |
| Proposed interim and final dividends | **7.7** | 7.3 | 15.7 |
| **Full year dividend paid and proposed** | | | 23.0 |

Note:

1 Proposed interim dividends are not accrued for until approved by the directors. Proposed final dividends are not accrued for until approved by the ordinary equity holders of Mondi Limited and Mondi plc, respectively.

The interim dividend for the year ending 31 December 2008 of 7.7 euro cents per ordinary share will be paid on 16 September 2008 to Mondi Limited and Mondi plc ordinary shareholders on the relevant registers on 29 August 2008. The dividend will be paid from distributable reserves of Mondi Limited and of Mondi plc, as presented in the respective company annual financial statements for the year ended 31 December 2007.

The interim dividend for the year ending 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 | 22 August 2008 | 22 August 2008 |
| London Stock Exchange | Not applicable | 26 August 2008 |
| **Shares commence trading ex-dividend** | | |
| JSE Limited | 25 August 2008 | 25 August 2008 |
| London Stock Exchange | Not applicable | 27 August 2008 |
| **Record date** | | |
| JSE Limited | 29 August 2008 | 29 August 2008 |
| London Stock Exchange | Not applicable | 29 August 2008 |
| Last date for Dividend Reinvestment Plan (DRIP) elections by Central Securities Depository Participants | 2 September 2008 | 2 September 2008 |
| Last date for DRIP elections to UK Registrar and South African Transfer Secretaries by shareholders in Mondi Limited and Mondi plc | 3 September 2008 | 3 September 2008 |
| **Payment date** | | |
| UK Register | Not applicable | 16 September 2008 |
| South African Register | 16 September 2008 | 16 September 2008 |
| Depositary Interest Holders (dematerialised DIs) | 19 September 2008 | Not applicable |
| Holders within the Equiniti Corporate Nominee | 23 September 2008 | Not applicable |
| **Currency conversion dates** | | |
| ZAR/euro | 30 July 2008 | 30 July 2008 |
| Euro/sterling | Not applicable | 8 September 2008 |
| **DRIP purchase settlement dates** | 23 September 2008 | 19 September 2008[1] |

Note:

1 23 September 2008 for Mondi plc South African branch register.

Share certificates on the South African registers of Mondi Limited and Mondi plc may not be dematerialised or rematerialised between 25 August 2008 and 31 August 2008, both dates inclusive, nor may transfers between the UK and South African registers of Mondi plc take place between 20 August 2008 and 31 August 2008, both dates inclusive.

## 10 Net debt

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

| *€ million* | **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 | (212) | 889 | (548) | 129 |
| Business combinations and disposal of businesses | - | 7 | - | 7 |
| Reclassifications | (3) | 3 | - | - |
| Currency movements | (7) | 11 | 4 | 8 |
| **Closing balance at 30 June 2007** | 136 | (271) | (1,200) | (1,335) |
| Cash flow | (74) | 56 | (16) | (34) |
| Business combinations and disposal of businesses | - | (44) | (122) | (166) |
| Reclassifications | - | (85) | 85 | - |
| Currency movements | (3) | 12 | 19 | 28 |
| **Closing balance at 31 December 2007** | 59 | (332) | (1,234) | (1,507) |
| Cash flow | (90) | 143 | (285) | (232) |
| Business combinations | - | (3) | (5) | (8) |
| Disposal of businesses | - | 4 | 16 | 20 |
| Reclassifications | - | (42) | 42 | - |
| Currency movements | 1 | 6 | 65 | 72 |
| **Closing balance at 30 June 2008** | **(30)** | **(224)** | **(1,401)** | **(1,655)** |

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 2008, short-term borrowings on the balance sheet of €406 million (30 June 2007: €311 million, 31 December 2007: €453 million) include €182 million of overdrafts (30 June 2007: €40 million, 31 December 2007: €121 million).

The following table shows the undrawn amounts on the Group's committed loan facilities:

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007[1] | Year ended 31 December 2007 |
|---|---|---|---|
| **Expiry date** | | | |
| In one year or less | 154 | - | 185 |
| In more than one year | 934 | - | 1,025 |
| **Total credit available** | **1,088** | - | 1,210 |

Note:

1 Credit lines available prior to the demerger from Anglo American plc are not considered to be representative of the Group's liquidity profile post-demerger.

## 11 Condensed statement of changes in equity

| € million | Anglo investment in Mondi Group | Share capital: 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 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2007 | 1,899 | - | - | - | 1,899 | 1,100 | (33) | 2,966 |
| Anglo American plc contribution | 120 | - | - | - | 120 | - | - | 120 |
| Dividend in specie | 32 | - | - | - | 32 | (32) | - | - |
| Dividends paid to Anglo American plc | - | - | - | - | - | (202) | - | (202) |
| Retained profit pre-demerger | - | - | - | - | - | 164 | - | 164 |
| Currency translation adjustment | - | - | - | - | - | - | (35) | (35) |
| Other movements | - | - | - | - | - | - | (18) | (18) |
| At 30 June 2007 | 2,051 | - | - | - | 2,051 | 1,030 | (86) | 2,995 |
| 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 | - | - | - | - | - | (33) | - | (33) |
| Post-demerger retained profit | - | - | - | - | - | 68 | - | 68 |
| Share-based payments transfer | - | - | - | - | - | (8) | - | (8) |
| Currency translation adjustment | - | - | - | - | - | - | (45) | (45) |
| Other movements | - | - | - | - | - | - | 27 | 27 |
| At 31 December 2007 | - | 11 | 532 | 103 | 646 | 2,154 | 163 | 2,963 |
| Retained profit | - | - | - | - | - | 87 | - | 87 |
| Prior year final dividend | - | - | - | - | - | (80) | - | (80) |
| Purchase of treasury shares | - | - | - | - | - | (15) | - | (15) |
| Share-based payments transfer | - | - | - | - | - | 1 | (1) | - |
| Exit costs on legacy Anglo American plc scheme | - | - | - | - | - | (3) | - | (3) |
| Currency translation adjustment | - | - | - | - | - | - | (87) | (87) |
| Other movements | - | - | - | - | - | - | 20 | 20 |
| **At 30 June 2008** | **-** | **11** | **532** | **103** | **646** | **2,144** | **95** | **2,885** |

Note:

1 Includes the share-based payment, cumulative translation adjustment, available-for-sale, cash flow hedge, defined benefit obligation, merger and other sundry reserves.

## 12 Capital expenditure[1]

| € million | Six months ended 30 June 2008 | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **By business segment** | | | |
| Europe & International | | | |
| Bags & Specialities | 47 | 29 | 102 |
| Uncoated Fine Paper | 130 | 41 | 98 |
| Corrugated | 83 | 31 | 111 |
| | 260 | 101 | 311 |
| South Africa | | | |
| Uncoated Fine Paper | 19 | 10 | 21 |
| Corrugated | 4 | 1 | 2 |
| | 23 | 11 | 23 |
| Mondi Packaging South Africa | 25 | 14 | 47 |
| Merchant and Newsprint | 5 | 8 | 18 |
| Corporate and other businesses | - | 5 | 7 |
| | **313** | 139 | 406 |

Note:

1 Excludes the purchase of property, plant and equipment by way of business combination and accrued capital expenditure. The additions to property, plant and equipment during the six months ended 30 June 2008, including accrued expenditure and purchases made by way of business combination, total €317 million (six months ended 30 June 2007: €146 million; year ended 31 December 2007: €589 million).

## 13 Earnings before interest, tax, depreciation and amortisation (EBITDA)

A reconciliation of cash inflows from operations to EBITDA is presented as follows:

| € million | Six months ended 30 June 2008 | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Cash inflows from operations** | 310 | 356 | 957 |
| Share option expense | (6) | (3) | (6) |
| Fair value gains on forestry assets | 24 | 13 | 32 |
| Cost of felling | (22) | (26) | (51) |
| Decrease in provisions and post-employment benefits | 11 | 10 | 14 |
| Increase in inventories | 11 | 52 | 69 |
| Increase/(decrease) in operating receivables | 87 | 99 | (25) |
| Decrease/(increase) in operating payables | 28 | (92) | (141) |
| Other adjustments | 13 | 12 | 21 |
| **EBITDA[1]** | **456** | 421 | 870 |

Note

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

## 13 Earnings before interest, tax, depreciation and amortisation (EBITDA) (continued)

EBITDA by business segment is presented as follows:

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **By business segment** | | | |
| Europe & International | | | |
| Bags & Specialities | 164 | 132 | 260 |
| Uncoated Fine Paper | 122 | 100 | 202 |
| Corrugated | 78 | 89 | 208 |
| | 364 | 321 | 670 |
| South Africa | | | |
| Uncoated Fine Paper | 48 | 48 | 87 |
| Corrugated | 19 | 17 | 35 |
| | 67 | 65 | 122 |
| Mondi Packaging South Africa | 27 | 21 | 53 |
| Merchant and Newsprint | 18 | 27 | 60 |
| Corporate and other businesses | (20) | (13) | (35) |
| | **456** | 421 | 870 |

EBITDA is stated before special items and is reconciled to "Total profit from operations and associates" in the Group's condensed combined and consolidated income statement, as follows:

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| Total profit from operations and associates | 226 | 321 | 510 |
| Operating special items (excluding associates) | 36 | 8 | 77 |
| Net loss/(profit) on disposals (excluding associates) | 3 | (84) | (83) |
| Depreciation and amortisation: subsidiaries and joint ventures | 193 | 178 | 368 |
| Share of associates' net income | (2) | (2) | (2) |
| **EBITDA** | **456** | 421 | 870 |

## 14 Business combinations

The Europe and International Bags & Specialities business acquired the Hungarian and Ukraine bag converting operations of Dunapack for €29 million on 15 April 2008. €14 million provisional goodwill has been recognised on this transaction. The flexibles business of BSK Handling Ltd was acquired on 2 April 2008 for €6 million. €5 million in provisional goodwill has been recognised on this transaction. The purchase consideration and resultant goodwill on the Group's other acquisitions in the six month period ended 30 June 2008 totalled €2 million and, provisionally, €4 million respectively.

## 15 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 2008, total €9 million (30 June 2007: €16 million; 31 December 2007: €10 million). The reversals of previous write-downs, recognised as a reduction in the amount of inventories expensed for the six months ended 30 June 2008, total €1 million (30 June 2007: €2 million; 31 December 2007: €8 million).

## 16 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 half-year ended 30 June 2008.

*Material schemes*

The Group's material defined benefit scheme and post-retirement medical plan liabilities were actuarially assessed for the half-year ended 30 June 2008. The net change in certain actuarial and financial assumptions from those applied as at 31 December 2007 resulted in an immaterial impact on the present value of the liabilities. The assets backing the defined benefit scheme liabilities were updated to reflect their market values as at 30 June 2008. Any difference between the expected return on assets and the actual return on assets has been recognised as an actuarial experience movement within equity.

*Remaining Group defined benefit schemes and unfunded statutory obligations*

The remaining Group defined benefit schemes and unfunded statutory retirement obligations are calculated on a year-to-date basis. The calculations performed make use of the actuarial and financial assumptions published in the Group's annual financial statements for the year ended 31 December 2007. Although certain of these assumptions require adjustment to reflect significant market fluctuations during the half-year ended 30 June 2008, the net effect of applying these adjustments would have been immaterial. A full actuarial assessment of all of the Group's defined benefit schemes and unfunded statutory retirement obligations will be carried out for the year ending 31 December 2008.

## 17 Capital commitments

| *€ million* | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| Contracted for but not provided | **421** | 79 | 74 |
| Approved, not yet contracted for | **436** | 107 | 824 |

## 18 Related party transactions

The Group has a related party relationship with its associates and joint ventures, and up to the demerger date, with certain Anglo American plc group companies. Transactions between Mondi Limited, Mondi plc and their respective subsidiaries, which are deemed to be 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 sales, purchase and service transactions with associates and joint ventures 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** |
|---|---|---|---|
| **Half-year ended/as at 30 June 2008** | | | |
| Sales to related parties | - | 5 | - |
| Purchases from related parties | - | - | (18) |
| Net finance income/(costs) | - | - | - |
| Dividends paid to related parties | - | - | - |
| Receivables due from related parties | - | - | - |
| Loans to related parties | - | 13 | - |
| Receivables due from related parties | - | 5 | - |
| **Half-year ended/as at 30 June 2007** | | | |
| Sales to related parties | - | - | 1 |
| Purchases from related parties | (6) | - | (68) |
| Net finance income/(costs) | 2 | (2) | - |
| Dividends paid to related parties | (202) | - | - |
| Dividends *in specie* | (32) | - | - |
| Receivables due from related parties | - | 1 | - |
| Cash held by related parties | - | 2 | - |
| Total borrowings from related parties | (4) | (7) | - |
| **Year ended/as at 31 December 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 | - |

## 18 Related party transactions (continued)

Mr Ramaphosa, joint chairman of Mondi, has a 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 €166,000 and €303,000 were paid to Shanduka Advisors (Pty) Limited and Shanduka Resources (Pty) Limited respectively for management services provided to the Group during the six months ended 30 June 2008 (30 June 2007: €193,000 and €345,000 respectively; 31 December 2007: €379,000 and €681,000 respectively). Shanduka Packaging (Pty) Limited and Shanduka Newsprint (Pty) Limited have also provided shareholder loans to the Group. The balances outstanding as at 30 June 2008 are €14 million and €7 million respectively (30 June 2007: €7 million and €10 million respectively; 31 December 2007: €17 million and €9 million respectively). In the normal course of business, and on an arm's length basis, during the six months ended 30 June 2008 the Group purchased supplies from Kangra Coal (Pty) Limited totalling €6 million (30 June 2007: €8 million; 31 December 2007: €9 million) and made use of transport and warehousing services provided by Rennies Distribution Services (Pty) Limited totalling €4 million (30 June 2007: €6 million; 31 December 2007: €13 million). €1 million remains outstanding on these purchases as at 30 June 2008 (30 June 2007: €1 million; 31 December 2007: €1 million).

Dividends received from associates for the six months ended 30 June 2008 total €nil (six months ended 30 June 2007: €1 million, 31 December 2007: €1 million), as disclosed in the condensed combined and consolidated cash flow statement.

## 19 Asset values per share

Asset values per share are disclosed in accordance with the JSE Listing Requirements. Net asset value per share is defined as net assets divided by the combined number of ordinary shares in issue as at the reporting balance sheet date, less treasury shares held as at the same date. Tangible net asset value per share is defined as net assets less intangible assets divided by the combined number of ordinary shares in issue as at the reporting balance sheet date, less treasury shares held as at the same date. For the purposes of the comparative Half-yearly balance sheet date, the total number of shares issued on the listing date has been used to calculate the asset values per share.

| | **As at 30 June 2008** | As at 30 June 2007 | As at 31 December 2007 |
|---|---|---|---|
| Net asset value per share (€) | 6.51 | 6.51 | 6.56 |
| Tangible net asset value per share (€) | 5.47 | 5.77 | 5.54 |

## 20 Events occurring after 30 June 2008

With the exception of the proposed interim dividend for 2008, as disclosed in note 9, there have been no material reportable events since 30 June 2008.

## Production statistics

| | | Six months ended 30 June 2008 | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|---|
| **Europe & International** | | | | |
| Containerboard | tonnes | 965,319 | 916,815 | 1,849,702 |
| Kraft paper | tonnes | 461,754 | 444,625 | 891,385 |
| Corrugated board and boxes | m m² | 1,143 | 985 | 2,088 |
| Bag converting | m units | 1,902 | 1,910 | 3,642 |
| Coating and release liners | m m² | 1,414 | 1,549 | 2,971 |
| Uncoated fine paper | tonnes | 754,364 | 800,943 | 1,517,792 |
| Newsprint | tonnes | 97,821 | 99,738 | 192,329 |
| Total hardwood pulp | tonnes | 607,356 | 603,868 | 1,182,476 |
| Total softwood pulp | tonnes | 970,356 | 875,019 | 1,748,294 |
| External hardwood pulp | tonnes | 38,171 | 34,508 | 76,244 |
| External softwood pulp | tonnes | 105,299 | 107,934 | 213,218 |
| **South Africa** | | | | |
| Containerboard | tonnes | 117,449 | 119,117 | 251,661 |
| Uncoated wood free paper | tonnes | 229,938 | 238,202 | 469,782 |
| Wood chips | bone dry tonnes | 364,247 | 362,089 | 690,447 |
| Total hardwood pulp | tonnes | 264,003 | 326,019 | 630,210 |
| Total softwood pulp | tonnes | 50,321 | 43,954 | 98,613 |
| External hardwood pulp | tonnes | 13,214 | 34,719 | 86,802 |
| **Mondi Packaging South Africa** | | | | |
| Packaging papers | tonnes | 146,179 | 141,339 | 368,574 |
| Corrugated board and boxes | m m² | 183 | 171 | 367 |
| Total hardwood pulp | tonnes | 40,147 | 32,631 | 65,829 |
| Total softwood pulp | tonnes | 34,090 | 28,967 | 64,274 |
| **Newsprint joint ventures** | | | | |
| Newsprint (attributable share) | tonnes | 163,753 | 156,102 | 314,847 |
| Aylesford (attributable share) | tonnes | 99,639 | 94,354 | 185,990 |
| Shanduka (attributable share) | tonnes | 64,114 | 61,748 | 128,857 |
| Total hardwood pulp Shanduka | tonnes | 40,816 | 40,715 | 86,469 |

## Exchange rates

| | **Six months ended 30 June 2008** | Six months ended 30 June 2007 | Year ended 31 December 2007 |
|---|---|---|---|
| **Closing rates against the euro** | | | |
| South African rand | 12.34 | 9.53 | 10.03 |
| Pounds sterling | 0.79 | 0.67 | 0.73 |
| Polish zloty | 3.35 | 3.77 | 3.59 |
| Russian rouble | 36.95 | 34.83 | 35.99 |
| Slovakian koruna | 30.20 | 33.61 | 33.58 |
| US dollar | 1.58 | 1.35 | 1.47 |
| Czech koruna | 23.89 | 28.71 | 26.63 |
| **Average rates for the period against the euro** | | | |
| South African rand | 11.73 | 9.52 | 9.66 |
| Pounds sterling | 0.78 | 0.67 | 0.68 |
| Polish zloty | 3.49 | 3.84 | 3.78 |
| Russian rouble | 36.61 | 34.67 | 35.02 |
| Slovakian koruna | 32.24 | 34.05 | 33.77 |
| US dollar | 1.53 | 1.33 | 1.37 |
| Czech koruna | 25.21 | 28.16 | 27.76 |

## Glossary of financial terms

| | |
|---|---|
| **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 listing measure, calculated in accordance with Circular 8/2007, 'Headline Earnings', as issued by the South African Institute of Chartered Accountants. |
| **Net debt** | A non-GAAP measure, comprising short and medium-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, intangibles, forestry assets, retirement benefit surplus, inventories and operating receivables less segment liabilities consisting of non-interest-bearing current liabilities, restoration and decommissioning provisions and provisions for post-retirement benefits. |
| **Operating margin** | Underlying operating profit divided by Group revenue. |
| **Return on capital employed (ROCE)** | This is trailing twelve month underlying operating profit, including share of associates' net earnings, divided by average trading capital employed and for segments has been extracted from management reports. Capital employed is adjusted for the spend on the two strategic projects in Poland and Russia which are not yet in production. |
| **Shareholders' funds** | Share capital, share premium, retained profits and other reserves attributable to equity holders. |
| **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 minority 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 Group. |
| **Underlying operating profit** | Operating profit of subsidiaries and joint ventures before special items. |